

As Shamir Warns Israeli 'Vigilantes,' an Arab Girl Is Killed

By Alan Cowell
New York Times Service

JERUSALEM — Civilians firing a submachine-gun shot and killed a teenage Palestinian girl in the occupied West Bank on Monday, despite new official warnings to Israelis to avoid taking the law into their own hands.

After weeks of tension between the military and Jewish settler vigilante groups, Prime Minister Yitzhak Shamir said, "It is inadmissible for anyone in the State of Israel to take the law into his own hands. There are the army, there are the security forces. They alone have the authority to deal with matters of defense."

Palestinian witnesses and Israeli officials said Ibtisam Abdel Rahim Boudiya, 14, died when civilians opened fire after Palestinian protesters threw rocks and bottles at their car in Kifl Harith village near Nablus in the occupied West Bank.

It was not clear, however, whether the civilians were among the 70,000 Israelis who have settled in the occupied West Bank and Gaza Strip since 1967.

The death brought to at least 444 the number of Palestinians killed by Israelis

since the start in Dec., 1987, of an uprising against Israeli rule in the occupied territories. Two more Palestinians were wounded in the shooting.

As the revolt has simmered in recent days, Israeli attention has been more focused on confrontation between Jewish settlers and the military.

The settlers say the army does not protect them from Palestinian rock-throwers and in some places have mounted vigilante patrols, rampaging through Arab towns and villages.

At the same time, settlers have clashed with army units restraining them. On one occasion, settlers slapped a senior officer in the face and on another grabbed back a pistol confiscated by a high-ranking soldier.

"There is no justification and this must never happen, that there will be any clash between Jewish settlers in any part of the country and Israeli army soldiers or commanders," Mr. Shamir said. "There must not be confrontation between Jews. Our survival depends on this. There is no justification for it."

In a separate incident, Palestinians stoned Jewish hikers north of Ramallah

in the West Bank, slightly wounding one of them, the army said.

The hikers, from a Jewish settlement, fired several warning shots in the air, and the army was called in to prevent more serious fighting, a spokesman said.

Mr. Shamir supports Jewish settlement of the occupied territories and expressed sympathy for settlers falling victim to frequent attack by Palestinians protesting their presence with stoning attacks.

"This suffering has to be understood and it must be ended," he said.

The Israeli police, meanwhile, have ordered a halt in the publication of a weekly newsletter run by a Palestinian activist named Sari Nusseibeh and circulated mainly among diplomats and journalists, the activist said.

Mr. Nusseibeh, whom the authorities assert is a leader of the 18-month-old Palestinian uprising, said the police had told him the publication, called The Monday Report, was banned because it was not licensed.

He said the police had given him the impression that the banning was "the final thing," but added that he was considering a legal appeal against it.

The activist has denied assertions in recent Israeli court documents that name him as a leader of the Palestinian revolt in the occupied West Bank and Gaza Strip.

The documents said he had written some of the clandestine pamphlets used to organize the protest, had transferred funds to the occupied territories and held secret meetings.

Mr. Nusseibeh, a professor at Bir Zeit University, has not been charged with any offense, however, and said he was only an analyst of events.

The Monday Report contains analyses of events in the occupied territories and is viewed by subscribers as reflecting sympathetic views of the uprising and the Palestine Liberation Organization.

It is known for its portrayal of current thinking among Palestinian leaders, but is not published in Arabic, Mr. Nusseibeh said, or circulated among Palestinians in the occupied territories.

The newsletter also publishes translations of the clandestine leaflets issued in the name of the underground leadership of the revolt.

The mimeographed newsletter has a low circulation — around 20 copies a week — to clients who pay \$35 a month. The U.S. Consulate was to have started subscribing this week, Mr. Nusseibeh said, joining other foreign diplomatic missions and newspapers as well as Israeli news organizations on the subscription list.

"The circulation is so tiny," he said. "This is why I found it so strange that they seem to be so worried about it."

Mr. Nusseibeh said he was called to police headquarters on Sunday and ordered to halt publication because he had no permit to publish.

Mr. Nusseibeh was among West Bank Palestinians who met earlier this month with Dennis B. Ross, the State Department's policy-planning chief, during a Middle East tour by the U.S. official.

Since the uprising began, the Israeli authorities have closed down two prominent Palestinian publications.

One was a news agency called the Palestine Press Service, which gave a daily account by telex of violence in the occupied territories. The other was a magazine associated with it, Al Anda.

WORLD BRIEFS

Kabul Reports Surge of New Fighting Has Left 460 People Dead in 3 Days

KABUL (Reuters) — The Afghan government reported a new surge of fighting on Monday around the besieged cities of Jalalabad and Khost and said at least 460 people had died in clashes in the last three days.

A government spokesman said Afghan rebels had pounded Jalalabad and its airport with rocket and artillery fire. At least 139 guerrillas died and 70 were wounded in the previous 24 hours in counterattacks by government forces backed by air strikes around Jalalabad, he said.

In the garrison town of Khost, near the Pakistan border, the spokesman said that two civilians had died in a rebel artillery attack and that 30 guerrillas had been killed and 20 wounded in fighting with government forces. He also reported rebel rocket attacks on the southern city of Kandahar and the western city of Herat.

An Afghan military spokesman said earlier that at least 296 people were killed and 113 wounded on Saturday and Sunday around Jalalabad and Khost, which have borne the brunt of the fighting since Soviet troops withdrew from Afghanistan in February.

Takeshita Presses Military Buildup

TOKYO (Reuters) — Prime Minister Noboru Takeshita called Monday for Japan's military to continue a military buildup despite changes in Soviet arms policy that have led other nations to reconsider arms programs.

"There are new movements in the international situation such as the Soviet Union's external policy," Mr. Takeshita told a meeting of senior officials of the Self-Defense Forces. But he added, "I do not think that the structure of East-West confrontation has been fundamentally altered."

He said that the Self-Defense Forces must continue efforts to increase capabilities as stipulated in the 1976 National Defense Program Outline. The outline, which has no specified time limit, calls for a limited arms buildup to counter aggression and prevent armed invasion.

South Korea Cabinet to Be Shuffled

SEOUL (AP) — President Roh Tae Woon will shuffle his cabinet to quiet calls for his resignation and stop public criticism of how the government has handled recent student unrest, officials said Monday.

The prime minister, the head of the main intelligence agency and the ministers of home affairs, labor and construction are expected to be replaced, the officials said. Major Seoul newspapers carried reports of the changes, which were expected in the next few weeks, officials said.

The reports of the shuffle came as a hunger strike by 300 students entered its fourth day. The protesters want Mr. Roh to step down. In the southwestern city of Kwangju, violence broke out when riot police blocked a march by about 5,000 students, calling for Mr. Roh's resignation, the Yonhap News Agency reported.

Cypriots Foil Attempt to Kill Aoun

NICOSIA (Reuters) — Cypriot policemen arrested four men on Monday who were reportedly planning to try to kill Major General Michel Aoun of Lebanon by shooting down his helicopter with a surface-to-air missile over Larnaca airport.

A police spokesman said six men with Lebanese passports had been arrested in connection with the plot to assassinate "a prominent Lebanese personality."

An official in Beirut said the target of the plot was General Aoun, who heads an interim Christian military cabinet and is fighting to drive Syrian troops out of Lebanon. General Aoun had been expected to fly to Cyprus on his way to talks with an Arab League committee on Lebanon, which was established Friday.

Pope Accepts Invitation From Castro

VATICAN CITY (AP) — Pope John Paul II has accepted an invitation from Fidel Castro to visit Cuba, a Vatican official said Monday. The visit would be the first by a pope to Cuba since it became Communist 30 years ago.

A date for the trip has not yet been set, and a Cuban diplomat said it was not likely before 1991. The invitation was extended on Friday during a private audience the pope held with Jose Felipe Cardozo, chief of the Cuban government office for religious affairs, the Vatican said.

Cuba has officially been at odds since the revolution in 1959 that brought Mr. Castro to power, but Havana and the Vatican have diplomatic relations. A leading Vatican official, Cardinal Roger Etchegaray, visited Cuba in December and said the church had enjoyed more freedom there in recent years.

Opposition Protests in Nicaragua

MASAYA, Nicaragua (AP) — Nearly 5,000 people marched here in the first opposition rally before the 1990 electoral campaign and in the largest show of opposition to the Marxist government this year. No uniformed policemen were in sight during the march, and no violence was reported.

The opposition took pains to distance itself from the anti-government rebels known as the contras. Azucena Ferrey, the only woman on the political directorate of the U.S.-backed Nicaraguan Resistance, the rebel leadership, gave her speech after the rally was officially pronounced over. Supporters of her Social Christian Party gathered separately from the march.

When Ms. Ferrey returned from exile Friday night, she signed a document renouncing support of armed struggle against the government. She was the first member of the rebel directorate to do so. All Nicaraguans craves who return must sign the document. General elections are scheduled for Feb. 25, 1990.

TRAVEL UPDATE

Swissair and Japan Air Lines have agreed to introduce a nonstop trans-Siberian service from Zurich to Tokyo this summer, cutting the flight time to less than 12 hours from 18 hours. Swissair said it would provide the plane for the service, which still requires official approval. The flight would initially be offered once a week, and JAL would fill half the seats and provide some flight attendants, Swissair said. Returning flights to Zurich would include a stop in Moscow.

The landing gear on a Continental jet, a McDonnell Douglas MD-80, collapsed after the plane arrived Sunday at Stapleton International Airport in Denver, and the right wing hit the ground. No one was hurt, and the cause of the accident was not immediately known.

Sudan will close its only seaport, Port Sudan, on the Red Sea, to departing travelers for the month of June in a move to combat smuggling. Wadi Halfa on the Nile, from which boats sail for Egypt on the High Dam Lake, will also be closed to departures for the month.

WEATHER

EUROPE				ASIA			
	HIGH	LOW	WIND		HIGH	LOW	WIND
Algeria	21	14	F	Bangkok	32	24	SE
Amsterdam	19	14	SE	Beijing	27	19	SE
Antwerp	17	14	SE	Hong Kong	32	24	SE
Berlin	22	15	SE	Kobe	27	19	SE
Bombay	32	24	SE	Manila	32	24	SE
Buenos Aires	22	15	SE	New Delhi	32	24	SE
Calcutta	32	24	SE	Osaka	27	19	SE
Cairo	32	24	SE	Seoul	27	19	SE
Canton	22	15	SE	Singapore	32	24	SE
Cebu	32	24	SE	Taipei	27	19	SE
Colon	32	24	SE	Tokyo	27	19	SE
Dacca	32	24	SE				
Delhi	32	24	SE	AFRICA			
Edinburgh	19	14	SE	Algiers	32	24	SE
Geneva	22	15	SE	Cape Town	27	19	SE
Hamburg	22	15	SE	Conakry	32	24	SE
Harbin	22	15	SE	Dakar	32	24	SE
Helsinki	22	15	SE	Harare	32	24	SE
Istanbul	22	15	SE	Joazeiro	32	24	SE
London	22	15	SE	Luanda	32	24	SE
Los Angeles	22	15	SE	Lima	32	24	SE
Madrid	22	15	SE	Mexico City	32	24	SE
Moscow	22	15	SE	Rio de Janeiro	32	24	SE
Munich	22	15	SE	LATIN AMERICA			
Nairobi	32	24	SE	Buenos Aires	32	24	SE
Paris	22	15	SE	Lima	32	24	SE
Peking	27	19	SE	Mexico City	32	24	SE
Rangoon	32	24	SE	Rio de Janeiro	32	24	SE
San Francisco	22	15	SE	NORTH AMERICA			
Sao Paulo	32	24	SE	Albuquerque	32	24	SE
Shanghai	27	19	SE	Atlanta	32	24	SE
Singapore	32	24	SE	Boston	32	24	SE
Sourabaya	32	24	SE	Chicago	32	24	SE
Taipei	27	19	SE	Denver	32	24	SE
Tokyo	27	19	SE	Detroit	32	24	SE
				Houston	32	24	SE
				Los Angeles	32	24	SE
				Miami	32	24	SE
				Minneapolis	32	24	SE
				Montreal	32	24	SE
				Nassau	32	24	SE
				New York	32	24	SE
				Panama	32	24	SE
				Port-au-Prince	32	24	SE
				San Jose	32	24	SE
				Santiago	32	24	SE
				Toronto	32	24	SE
				Washington	32	24	SE
				Yokohama	32	24	SE

TUESDAY'S FORECAST — CHANGEL: Light, FRANKFURT: Thunderstorms, Yank. 24-32 (12-20). LONDON: Light, Yank. 24-32 (12-20). PARIS: Light, Yank. 24-32 (12-20). ROME: Light, Yank. 24-32 (12-20). MADRID: Light, Yank. 24-32 (12-20). BARCELONA: Light, Yank. 24-32 (12-20). LISBON: Light, Yank. 24-32 (12-20). BOULOGNE: Light, Yank. 24-32 (12-20). BRUSSELS: Light, Yank. 24-32 (12-20). AMSTERDAM: Light, Yank. 24-32 (12-20). ROTTERDAM: Light, Yank. 24-32 (12-20). ANTWERP: Light, Yank. 24-32 (12-20). GENEVA: Light, Yank. 24-32 (12-20). ZURICH: Light, Yank. 24-32 (12-20). BASEL: Light, Yank. 24-32 (12-20). COLOGNE: Light, Yank. 24-32 (12-20). DUISBURG: Light, Yank. 24-32 (12-20). DORTMUND: Light, Yank. 24-32 (12-20). DRESDEN: Light, Yank. 24-32 (12-20). ERFURT: Light, Yank. 24-32 (12-20). FRANKFURT: Light, Yank. 24-32 (12-20). HAMBURG: Light, Yank. 24-32 (12-20). KOBLENZ: Light, Yank. 24-32 (12-20). LEIPZIG: Light, Yank. 24-32 (12-20). MANNHEIM: Light, Yank. 24-32 (12-20). MÜNCHEN: Light, Yank. 24-32 (12-20). NÜRNBERG: Light, Yank. 24-32 (12-20). OSTFELD: Light, Yank. 24-32 (12-20). POTSDAM: Light, Yank. 24-32 (12-20). REGensburg: Light, Yank. 24-32 (12-20). SALZBURG: Light, Yank. 24-32 (12-20). STUTTGART: Light, Yank. 24-32 (12-20). ULM: Light, Yank. 24-32 (12-20). WÜRZBURG: Light, Yank. 24-32 (12-20).

Japan Hoax and a Resignation

Tokyo Newspaper's Top Executive Quits Over Scandal

By Steven R. Weisman
New York Times Service

TOKYO — A hoax perpetrated unwittingly by one of Japan's leading newspapers led to the resignation last week of the paper's top executive. The episode was another instance of the public's rising sensitivity to unethical behavior in high places.

With all of Japan's newspapers focusing these days on the influence-peddling scandal that has torn apart the government, and on the maneuvering for the job of prime minister, the scandal at the newspaper, Asahi Shimbun, has captured the fascination of the public.

A major reason for the attention on Asahi Shimbun is that the mass-circulation daily broke the original story of political corruption in Prime Minister Noboru Takeshita's inner circle and then incessantly demanded the resignation of everyone connected to it.

Last month, riding the crest of a circulation boom because of its scandal coverage, the newspaper started another crusade by printing an article and picture on Page 1 reporting that scuba divers had defaced an environmentally precious coral reef by carving the initials KY on the coral. The reef is at Iriomote-jima, an island near Okinawa.

It turned out that the newspaper photographer had himself defaced the coral, although he apparently kept that fact to himself.

A local diver wrote a letter accusing the photographer, leading to an internal inquiry. The photographer was then dismissed and two top editors, including the picture editor, were demoted.

The deception deeply embarrassed the newspaper, which began drawing criticism from other papers and from politicians.

Mr. Takeshita and his aides were gleeful that their main tormentor in the press was on the defensive. The paper ran two editorials apologizing, but last week, far-rightists brought 30 sound trucks to the building, denouncing the paper for unethical conduct.

On Friday, the paper's president, Toichiro Hitotsuyanagi, resigned, telling fellow executives that the incident involved "not merely false or excessive reporting, but an act to deceive our readers and society."

He said that readers would "not easily forget" the incident and that he would step down after a board-of-directors meeting next month. Reporters and editors at the newspaper said they now hoped that at the least, the action by Mr. Hitotsuyanagi would give the paper more credibility in its campaign against corruption and in favor of accountability in government.

The Asahi Shimbun resignation was the second in recent months of a top newspaper executive. Earlier, the Recruit scandal brought the resignation of Ko Morita, the president of the Nihon Keizai Shimbun.

Mr. Morita had been named as a recipient of discount-rate stock from the Recruit conglomerate.

Recruit Inquiry Ends

Prosecutors ended their investigation Monday into the Recruit influence-peddling scandal after having indicted only two of the 16 politicians who received unlisted stock from the company, Agence France-Presse reported from Tokyo.

The investigators announced in a report that four minor figures, all aides to ruling party leaders, would face charges. The four were fined 200,000 yen (\$1,400) each by a summary court on Monday for failing to make proper reports on donations from the Recruit group.

The investigation has resulted in bribery charges against 13 people. But these included only two of about 16 politicians who received 132,000 unlisted stocks from Recruit Cosmos Co., the group's real estate concern.

Takao Fujinami, who was chief cabinet secretary under Mr. Nakasone, and an opposition deputy, Katsuya Ikeda, were indicted a week ago without arrest on charges of taking bribes from Recruit.

MOSCOW: Deng Wins Seat

(Continued from page 1)

Party regulars who have been the target of Mr. Yeltsin's populist attacks on the establishment.

But the public reaction was swift and angry. Soviet television broadcast on Sunday the results of a poll showing that a majority of citizens questioned were dissatisfied with the composition of the Supreme Soviet.

Thousands of Muscovites rallied in protest, and many deputies said they had received phone calls and telegrams from constituents upset at the treatment of the radicals.

George K. Shakhnazarov, an aide to Mr. Gorbachev, said Monday that Mr. Gorbachev had been distressed at Mr. Yeltsin's exclusion but saw no way around it.

On Monday, Aleksandr Kazannik, a university law lecturer from Omsk, unexpectedly announced that he would forfeit his seat in the legislature if the congress would agree to give it to Mr. Yeltsin.

"If I were a regional party secretary, I would not be making such a decision," Mr. Kazannik told the stunned congress. "I would go quietly home and lock myself away from the people. But as for me, I would have been ashamed to face my voters."

Mr. Gorbachev quickly gave his blessing to a legal procedure that enabled Mr. Kazannik to surrender his seat to Mr. Yeltsin.

Later, Mr. Yeltsin's walk from the Kremlin up Gorky Street towards his apartment turned into a triumphal procession. Hundreds of supporters crowded around him, anxious to shake his hand.

Mr. Yeltsin said the decision to admit him to the legislature showed "the growth of the level of democratization in the congress itself."

"Step by step," he said, "from the first day, people have begun to figure out the atmosphere."



Beijing students adding the finishing touches on Monday to the face of their new Goddess of Liberty.

DENG: After Victory, 2 Succession Problems Arise

(Continued from page 1)

ment apparatus and the party, which has not occupied the dominant role that it theoretically should have over the past decade.

If he ultimately prevails in a situation that is still fluid, Mr. Deng is likely to seek to avoid a repeat of the turmoil China has just endured and unify authority under a new party leader, some analysts predicted.

One possible candidate will be Prime Minister Li Peng, who declared martial law and led the efforts ordered by Mr. Deng against Mr. Zhao and the hundreds of thousands of protesting students, intellectuals and workers who turned out daily in Tiananmen Square over the past two weeks to demand the resignations of Mr. Deng and of Mr. Li, who is 60.

Under one scenario, Mr. Li would take the party job and name one of his own protégés as a new and less powerful prime minister.

Such a move would make Mr. Li the most obvious candidate to succeed Mr. Deng, who diplomats said has hinted that he really will step down late this year. But as Mr. Zhao and others have been identified in the past as possible successors to Mr. Deng, this is not a comfortable position to occupy.

Mr. Zhao, 70, is the second consecutive party boss who had begun to be more popular than Mr. Deng to be pushed aside by him. Mr. Deng exercises influence through his post as chairman of the party's military commission.

Hu Yaobang, who like Mr. Deng was one of the veterans of the Long March campaign led by Mao Zedong in the Chinese civil war, was ousted from the party job by Mr. Deng in 1987 despite their long friendship.

At the time, Mr. Hu was accused of being too lenient with students demonstrating for democracy in a number of cities.

Mr. Deng then prevailed upon the reluctant Mr. Zhao to give up the job of prime minister and become party chairman.

As prime minister, Mr. Zhao had been the main proponent of economic change. But as party leader, Mr. Zhao, who is not an ideologue, took on a position that laid more stress on ideology and politics. Mr. Zhao was at a disadvantage, because his real strengths are in economic administration.

It is unclear whether Mr. Deng ever transferred to Mr. Zhao much real power, an ambiguity largely due to a system where power is personality-based.

derground and will no longer be disposed to receive the information they have urgent need of and to accept the advice it is possible to provide them."

"If satisfactory solutions are not found, particularly so that drug addicts have access to sterile syringes and condoms," the report said, "these links in the chain of the infection's propagation will not be interrupted."

Platzpromenade has provided a solution in part because of its geography. The park, although it is near Zurich's main railway station and only a short walk from the banking district, is somewhat removed from the rest of the city, lying at the tip of a small peninsula at the confluence of the Limmat and Sihl Rivers.

The park also has acquired a history as a refuge for the alternative cultures that grew out of the 1960s. At one point, it was declared a "liberated zone."

Graffiti spray-painted on a little snack stand at the entrance advocated "Revolution" in one line and "Resignation" in the other.

BRIEFS

Surge of New Fighting
People Dead in 3 Days

An Afghan government spokesman said that the heaviest fighting in the last three days had taken place in the north of the country. At least 150 people were killed in the fighting, he said. The fighting was the heaviest since the government took control of the country in 1978.

U.S. Military Building
in Panama

The U.S. military building in Panama City was damaged by a fire on Saturday, and Sunday morning firefighters were working to contain the blaze. The fire broke out in the building's kitchen area and spread to the main hall.

Attempt to Kill Aoun
in Beirut

An attempt to kill General Michel Aoun, leader of the Lebanese National Movement, failed on Saturday. Aoun was shot in the back by a sniper's bullet while he was walking through a crowd in Beirut.

Invitation From Cash
to U.S.

The U.S. government has accepted an invitation from the Cuban government to send a military mission to Cuba. The mission would consist of 100 U.S. military personnel and would be led by a U.S. general.

UPDATE
on the situation in Nicaragua.

The U.S. government has announced that it will not send a military mission to Nicaragua. The decision was made after a review of the situation in the country and the potential risks to U.S. personnel.

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Mr. Foley, flanked by Mr. Wright, left, and Bob Dole, the Senate minority leader, after meeting last week at the White House. Mr. Foley is likely to succeed Mr. Wright as the House speaker.

Foley Searches for a Strategy

As House Speaker, He Would Shift Focus From Ethics

By Susan F. Rasky
New York Times Service

SPOKANE, Washington — While the other Washington has been consumed by news of investigations and departures, the likely new speaker of the House, Representative Thomas S. Foley, has been busy on the phone in his home state of Washington, trying to devise a strategy to shift attention from ethics to issues and legislation.

Part of the strategy, congressional officials say, will be an effort to persuade President George Bush to set up a bipartisan group of lawmakers and administration officials to develop new approaches to U.S.-Soviet relations.

The proposal, still being discussed on Capitol Hill, envisions a group similar to one involved in negotiations on the federal budget.

It reflects a growing frustration among congressional Democrats with what they consider Mr. Bush's tepid response to the recent overture by Mikhail S. Gorbachev, the Soviet leader, on arms control and settlement of regional conflicts.

Not coincidentally, it comes at a time when the Democrats are being criticized for meager legislative accomplishments.

House Democrats are particularly eager to shift both their own attention and the public's from the ethics turmoil that has engulfed their leadership.

Mr. Foley, the majority leader, who is all but certain to become speaker with the expected resignation of Jim Wright of Texas this week, said he would not discuss any specific Democratic approach to Soviet relations.

But he agreed that there was "a growing restiveness" among Democrats about Mr. Bush's response to Mr. Gorbachev.

Mr. Foley has taken pains to remind enthusiastic constituents who are already calling him speaker that the job still belongs to Mr. Wright. But with the expected departure of Mr. Wright and last week's announcement that the No. 3 man in the Democratic hierarchy, Representative Tony Coelho of California, would resign as whip, Mr. Foley's restiveness has clearly been overtaken by events.

Mr. Foley took issue with news accounts that have described a House in disarray over ethics and a Democratic Party facing long-term damage.

"The impression created recently is that all the House is involved in is some kind of grand inquisition," he said. He placed partial blame on "exaggerated coverage written in semi-apocalyptic terms."

It was clear that Mr. Foley does not plan a sharp departure from the goals Mr. Wright set at the beginning of the year.

Maintaining Pressure
E.J. Dionne Jr. of *The New York Times* reported from Washington: Republican Party leaders are seeking to keep the pressure on House Democrats to prevent the expected resignations of Mr. Wright and Mr. Coelho from pushing the Democrats' ethics problems out of the public mind.

The Republican whip, Newt

Voters Feel Bush Is Off to a Slow, but Good, Start

Washington Post Service
This article was reported and written by Dan Balz, Karen DeYoung, Thomas B. Edsall and Marilee Schwartz.

WASHINGTON — Four months ago, Manuel Rios was buoyed by President George Bush's "new breezes" inaugural address, and began to think that the candidate he had opposed in November might turn out to be the kind of president he could admire. Now he says he is worried.

"It's like the cement is starting to settle around him," said Mr. Rios, a college administrator from Modesto, California. "I hope he can get out of it."

Rick Wright, who lives nearby, said he believed that Mr. Bush was elected to carry on the policies of former President Ronald Reagan, and he said he was satisfied with Mr. Bush's performance so far. But Mr. Wright is not sure that is enough for most Americans. "I don't think President Bush is going to be an impact-type president," he said.

In Woodbridge, New Jersey, John Branch is also pleased with Mr. Bush's performance. What does he like? Bush is going nice and slow, he said.

But for Gordon Phillips of North Plainfield, New Jersey, the president's pace is a problem. "The honeymoon is over and now he's going to have to do something," said Mr. Phillips, who supported Mr. Bush in November. "He's becoming a lame duck very early."

Polling by The Washington Post and ABC News shows that two in three Americans approve of the

way Mr. Bush is handling his job, but three in five say they believe he is off to a slow start. And three-quarters of those who say he has started slowly add that they are concerned about Mr. Bush's pace.

The varying assessments of the early months of the Bush administration reflect both growing uncertainty about Mr. Bush and generally low expectations for the government's ability to solve many of the nation's most serious problems.

The ambivalence of voters was found in two telephone polls of 1,009 and 1,613 adults, a group discussion with 10 residents of Lorain County, Ohio, and interviews with more than 100 voters in middle-class, ticket-splitting precincts in four communities across the country by a team of Washington Post reporters. The door-to-door interviews were conducted in Elyria, Ohio; Center Point, Alabama; Woodbridge, New Jersey; and Modesto, California.

Mr. Bush is seen as a generally sympathetic and honest leader. A majority of the public, however, remains unsure of where he intends to take the country. In a poll by The Post, 43 percent of those surveyed said Mr. Bush had "no clear goals where he wants to lead the nation," and an additional 10 percent said they were uncertain whether he had a plan.

Mr. Bush's favorable ratings appear largely based on public perceptions that he is a decent and honest man who has inherited a period of relative calm in the life of the country. But he has done little so far to build up his political capital for the inevitable bumps ahead.

Mr. Bush's inability to define for

the public a clear sense of purpose to his administration comes as voters are expressing growing doubts about where the nation is heading.

In The Post-ABC News poll, 55 percent said they believe the country has "gotten pretty seriously off on the wrong track," compared with 42 percent who say things are generally going in the right direction, a trend that is evident in several other recent public-opinion surveys.

This sense that things are going in the wrong direction grows out of

'The honeymoon is over and now he's going to have to do something. He's becoming a lame duck very early.'

Gordon Phillips, a Bush supporter

electorate say they believe politicians and members of Congress maintain low ethical standards.

This taint has yet to stain the Bush administration; 59 percent said ethical standards of top administration officials were good to excellent. But contrary to a widespread assumption in Washington that the Iran-contra affair is no longer a political issue, several voters voiced nagging concerns that Mr. Bush has yet to disclose fully his role in the matter.

But if Mr. Bush has been unable to galvanize the public, the door-to-door interviews show that the Democratic opposition has done no better.

Still distrustful of liberal programs targeted to the poor, and opposed to paying higher taxes, many of these voters also are opposed to any further cuts in such programs as Social Security and Medicare.

One danger facing an administration generally committed to a free-trade policy is a deep sense of economic nationalism, often combined with hostility toward Japan.

Voters repeatedly expressed a fear that foreign investment, especially by Japan, threatened America's economic security, even though many blamed this country and its educational system for the growing sense of economic decline.

At the same time, voters appear highly receptive to the anti-drug and anti-crime initiatives of the Bush administration, as the connected problems of drugs, crime and violence were identified as the primary concern of 36 percent of the 1,009 voters surveyed in one poll — double any other issue.

The most commonly expressed criticism of Mr. Bush was that he failed to move forcefully to take charge of the oil spill in Alaska.

"If I were in Bush's shoes, I would grind Exxon into the ground," said Randal Dowler, an accountant from Lorain County. In contrast, Mr. Bush's measured response to the election abuses in Panama received wide applause.

And his go-slow approach to relations with the Soviet Union earns as many plaudits as doubts.

Although many voters say they believe he is ceding the world stage to the Soviet leader, Mikhail S. Gorbachev, many others say there is no need to move too quickly to make deals with the longtime U.S. adversary.

None of these interviewed mentioned increased military spending as a priority, and many cited improved relations with the Soviets as a reason to cut military spending.

By a small plurality, voters say that Mr. Bush represents their interests better than Congress does, but that they believe Congress is doing more to control events in Washington. And that concerns them because they have little faith in Congress as an institution.

The dominant attitudes expressed toward the institution are cynicism and mistrust. For the voters surveyed, the ethics controversy surrounding the House speaker, Jim Wright, Democrat of Texas, is merely a symptom of the self-interest and decline in standards that pervades Congress.

"I think we've got a lot of crooks in Washington," said Mary Frame of Center Point. "It's a damn zoo. I'm ashamed."

In Shadow of Alaska Spill, Antarctica Faces Oil Disaster

New York Times Service

NEW YORK — An Argentine Navy supply ship that ran aground and capsized in Antarctica four months ago continues to leak oil, and approaching winter weather has virtually ended efforts to limit the damage, U.S. authorities and environmentalists say.

The ship, the Bahia Paraiso, still contains at least 70,000 gallons (255,000 liters) of diesel and kerosene oils, which are threatening animal life in the Bismarck Strait of the Antarctic Peninsula, the experts said.

Representative William H. Gray 3d of Pennsylvania said Mr. Gingrich was engaged in the "smearing of hundreds of people."

Mr. Gingrich did not name names in the television appearance.

He later said his contention was based on "fairly substantial" news reports detailing ethical lapses by House Democrats.

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Guatemala Parley Planning A New Strategy on Refugees

New York Times Service

GUATEMALA CITY — A new strategy for helping the more than two million refugees and homeless people in Central America is expected to be endorsed by an international conference that opened on Monday.

The proposed strategy calls on Central American governments to stop confining the refugees to camps and to help them return home or to get jobs in the country of asylum, ending their dependence on emergency aid.

Western governments, humanitarian organizations and aid agencies will be asked to finance employment projects. Italy has offered \$115 million toward the expected \$365 million plan.

The conference will also urge the Central American governments and refugee agencies to focus on people driven from their homes by violence and natural disasters. Experts say they view the strategy

as a model for dealing with many of the world's more than 20 million refugees.

In Geneva, the United Nations high commissioner for refugees, Jean-Pierre Hocke, said the model would involve replacing emergency relief with projects to incorporate refugees into national development.

The international machinery for dealing with refugees dates from the 1950s, when international concern was focused on European left homeless by World War II.

A 1951 convention defines refugees as people who fled to another country to escape "a well-founded fear of persecution."

But most refugees now are in the developing world and are victims of violence and natural disasters. Up to 14 million people do not qualify for help from the UN high commissioner, according to the Refugee Policy Group, a private U.S. organization.

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Herald Tribune

Published With The New York Times and The Washington Post

Crack: Growing Disaster

The little pellets first appeared on the West Coast of the United States in the early 1980s, the product of brilliant marketing. Someone figured out how to boil down powdered cocaine into crystals that could be smoked rather than snorted. Inhaling this "crack" gives a brief, intense high — followed by a crash that leaves the user desperate for more. But each crystal sells for \$10 or less, compared with \$100 or more for a gram of cocaine powder. The price opened a mass market for cocaine, and if it was clearly a drug dealer's dream, it soon became a powerful nightmare for everyone else.

Crack has become a household word, and its very familiarity obscures a larger truth: This is more than just another passing crisis. Crack poses a much greater threat than other drugs. It is reaching out to destroy the quality of life, and life itself, at all levels of American society. Europe, too, is threatened.

Crack may be the '80s and '90s what the Great Depression was to the '30s and '40s. If that sounds alarmist, consider what crack is doing to one sector of society after another.

CRIME AND BLOOD IN THE STREETS
Americans once thought of drug-related crime in terms of heroin. Stable, organized-crime groups managed distribution. Junkies stole for the price of a fix, then nodded off.

The crack high, by contrast, reinforces feelings of power and aggression rather than blissful lassitude. Crack is distributed by younger, wilder, more heavily armed gangs. They arrogantly intimidate whole communities and make war on each other to control the lucrative business.

In community after community, crack violence has overwhelmed law enforcement. A 1986 survey of state prisoners found that 1 in 10 was under the influence of cocaine at the time of the crime, more than twice the number in 1979. More than half the males arrested in nine major cities last year tested positive for cocaine. In Washington, D.C., it was 59 percent, up from 14 percent in 1984. In Manhattan, it was more than 80 percent. A 1987 survey found that police classified more than a third of murders and two-thirds of robberies and burglaries as drug-related.

Meanwhile, urban emergency rooms report a surge of injuries — crushed bones, blasted organs, floods of internal bleeding — once known only on the battlefield. They are the gory aftermath of shootouts among drug gangs armed for war.

CRIMINAL JUSTICE, DISTORTED
As an outraged public demands action, crack has forced criminal justice to spend furiously for police, prosecutors, courts and judges in a futile effort to keep up.

The most horrendous cost comes at the end of the line. California now has 81,000 people locked up; since 1983, it has built 21,000 more prison beds and plans 16,000 more. Total cost: \$3.2 billion. Since 1983, New York has spent about \$900 million to build 17,700 cells. But state officials say they will need at least 9,000 more cells by March.

President Bush recently pledged \$1 billion to build 24,000 federal prison cells, largely for drug violators. The billions aren't enough: federal penitentiaries would still be overcrowded by 25 percent. And at the state level, crack-caused crowding forces jurisdictions to release inmates in order to maintain minimal standards. That undermines all pretense of stern law enforcement.

MOTHERS BECOMING MONSTERS
Unlike heroin, crack is popular with women. When they abuse it, they devastate their children as well as themselves.

A recent study of 1,226 pregnant inner-city women in Boston found that 20 percent had used cocaine. Between 1986 and 1988, the number of newborn children in New York City testing positive for drugs — mostly cocaine — almost quadrupled, going from 1,325 to 5,088. Babies born to crack addicts tend to suffer low birthweight, brain damage and malformation. A recent report in *The New York Times* described such a child: "a more patchy of flesh with a tangerine-sized head and limbs like splinters."

Intensive hospital care for each crack baby costs about \$90,000. That translates to \$190 million a year in New York. For the nation, the figure is \$2.5 billion.

Children of crack addicts are at extreme risk of neglect and abuse, and child welfare agencies are reeling from crack-related cases. In New York since 1987, reports of drug-related neglect and abuse have tripled. Meanwhile, urban child welfare workers

estimate that 70 percent of children they see are raised by grandmothers or other relatives after parents abandon them for drugs.

STRAIN AND FEAR IN HOSPITALS
Injuries, overdoses, or other health emergencies caused by smoking crack increased an astonishing 10 times between 1985 and 1987, according to a federal survey. The result is rising strain on urban health care systems already struggling with AIDS and a nursing shortage — with dire consequences for the quality of care given all patients.

Crack has even begun to destroy whatever civility was left to daily hospital life. One New York hospital reports that crack-addicted patients leave their beds to buy the drug on the street, smoke it in their rooms, and routinely commit thefts and assaults. The routine of doctors and nurses, already harried and tense, now is filled with fear.

Health officials also blame crack for a new outbreak of syphilis in cities. The disease is spread by prostitution for drug money and casual sex with many partners in crack houses. Because syphilis also facilitates the spread of AIDS, crack has become an alarming new factor in the AIDS epidemic.

RIPPING THE FABRIC OF SOCIETY
The most profound damage crack may be to social values.

Crack dealing involves more adolescents than the heroin trade ever did, offering them money enough to realize the most alluring teen-age fantasies: clothes, jewelry, cars, guns, power. Adults, who ought to be exerting authority, shrink in fear of such youngsters.

At the same time, vigilantism has begun to flare. After crack dealers took over an abandoned house on a working-class street in Detroit, the neighborhood "changed to a place where bands of teen-agers shot at each other in daylight, sold drugs from the curb and sneered at people who threatened to call the police." Fed up, two residents burned down the house. At their trial, rather than deny involvement, they proudly admitted it. The jury quickly acquitted them. That was one of 100 similar fires in Detroit. In a two-week period in Miami last year, 35 suspected crack houses burned.

Vigilantism, observes Gary Marx, a sociologist, "is a bargaining chip for the citizens, who are saying to the authorities, 'Unless you take action, we will.'"

Crack forces upon America a question once limited to societies beset by guerrilla terror: How can citizens respect a government that can't even provide basic security?

The crack-induced strains on American life are spreading. Residents of Seaford, Delaware, population 5,500, describe it as "a conservative, God-fearing community" and an "Ozzie and Harriet kind of place." But since crack dealers arrived in 1985, according to *The Wall Street Journal*, the rural town has seen brutal murders, robberies, burglaries, assaults, prostitution, syphilis and a cocaine-positive baby. The Seafords are increasing as drug dealers seek new markets in smaller cities and towns.

Even as the crack poison spreads to middle America, a federal government grown used to budget deficits and constricted social policies remains leery of any concerted response. Last year, Congress authorized a few billion dollars in a drug bill that also created a drug "czar." But those are difficult gestures against a murderous industry worth tens of billions a year.

The Bush administration acts as though the American people fear taxes and big government more than drug gangs. It is seizing control of their communities. It is true that experts differ on how to respond. But that's no reason for inaction.

There is broad agreement on the need for more law enforcement to secure streets and more treatment to reclaim addicts. And there is good reason to think sustained attention and resources would engender many effective new ideas.

Easing cold war tensions makes clearer than ever the threat to national security from the crack invasion. It requires a national mobilization as if for war, headed by a president — not merely a sub-Cabinet czar — who is willing to grope for answers and fight for victory. Franklin Roosevelt wasn't sure how to fight the Great Depression, but he knew that the first requirements were determination and leadership.

How much more must the crack disaster destroy before the U.S. government grasps its dimension?

—THE NEW YORK TIMES

Crime Will Pay, for Police

The Washington, D.C., Police Department is about to solve a problem that has delayed a number of possible murder prosecutions. Criminals are going to provide the money for important law enforcement work.

For months, the department's two firearms experts have been unable to cope with the task of checking weapons seized in arrests. Usually these are routinely compared with bullets and other evidence recovered in unsolved murder cases to see if matches can be made. But because of last year's record-breaking number of murders, the examiners have a backlog of 600 weapons cases, 360 of which involve unsolved homicides.

The simple solution was more manpower. Six retired ballistics experts from across the country have been hired and will spend the summer at an FBI laboratory in Quantico, Virginia, cleaning up the backlog. If there are breakthroughs in only a fraction of the unsolved murders, the project will be well worth the \$75,000 price tag.

Here's the interesting part: The \$75,000 will come from assets seized in drug cases. Under a law passed in 1982, the police can file a civil forfeiture suit to recover valuable items used in the drug trade, as well as possessions acquired with drug money. Cash, jewelry and boats — even homes — can be forfeited if the government can demonstrate that they were obtained with drug money.

Until recently, the office of the corporation counsel, which represents the police in these actions, was also overburdened and short of funds. But again a simple solution was found: The police will reimburse the corporation counsel, out of proceeds from the assets, to cover the costs of litigation. The department has given notice that it will proceed against about \$12 million in assets enough to fund the ballistics project, the legal proceedings and a host of other efforts aimed at the drug disaster. It's a fitting way to spend the criminals' money.

—THE WASHINGTON POST

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Bush Is Handling Perestroika Properly

By Michel Tatu

PARIS — At the 40th anniversary meeting of NATO, which concludes today in Brussels, and in the cautious foreign policy addresses of President George Bush, a new sense of skepticism is evident about events in the East, and especially in Moscow.

While disputes continue over the usual issues — short-range missiles, conventional arms reductions, Soviet intentions and whether to "help" Mikhail Gorbachev — one theme is emerging strongly. Since there is little Western leaders can do to affect the course of events in the East, they ought to proceed with caution.

Mr. Bush has been criticized for responding too conservatively to the historic opportunities opened up by Soviet "new thinking." But in his last of four foreign policy speeches, this one in New London, Connecticut, he spoke of "integrating the Soviet Union into the community of nations" and transforming "the military landscape of Europe." There is nothing conservative about these objectives.

However, as many are now realizing, a certain conservatism is called for in pursuing these objectives. The French president, François Mitterrand, summed up the new skepticism best: "Reform means difficulties. History moves often by leaps, then it moves slowly, because the resistance is organizing itself." The upheaval in China only reinforces this skepticism.

In these circumstances, the conclusion drawn by some, "Don't help, don't hurt," looks reasonable. Nevertheless, the West wants so much to promote democratic reforms that it sometimes

acts in unpredictable or seemingly illogical ways. For example, if the normal "capitalist approach" had prevailed, the West should have welcomed Nicolae Ceausescu's announcement that Romania had paid all its foreign debts. And Western leaders should have warned Poland that its \$30 billion or so debt had to be reimbursed, whatever happens to Solidarity. In fact, Mr. Bush announced new loans to Poland the very day Solidarity was legalized, and the European Community stopped any discussion of credits with Romania, and rightly so, because of its distasteful human rights record.

The more skeptical view is reinforced by the realization that, whatever the new course of Soviet foreign policy, some basic Soviet interests remain. This is particularly the case in Europe, where any Soviet government, maybe even a capitalist one, will have to pursue the same objectives: less or no American presence, demilitarization and neutrality for Bonn and a weakening of NATO and the European Community.

A recent proposal by Mr. Gorbachev suits this strategy perfectly. The decision to withdraw 500 warheads from his short-range nuclear weapons in Europe, as well as his proposal to open negotiations on the remaining arsenal, was tailored to stir the quarrel between West Germany and the United States about those weapons. In fairness, however, he might have gone much further. He could have announced

reductions in warheads by the thousands, in line with the present Soviet superiority. This is not to say that the "new thinking" in Soviet foreign policy does not present opportunities. In Europe, its main result has been the low profile adopted by Moscow toward its Warsaw Pact allies, reformers as well as conservatives. The Brezhnev Doctrine is dead, at least for the moment, and Mr. Bush is right to ask for its formal abandonment.

Altogether, Mr. Bush's desire to go "beyond containment" and to bring the Soviet Union "back into the world order" is legitimate, but not quite clearly formulated, for obvious diplomatic reasons. First, containment never worked completely, since many countries became communist after it was proclaimed.

Second, the rollback of communism — which is implied in the abandonment of the Brezhnev Doctrine — was never proclaimed, except for a very short time in the late 1940s. But it worked twice, a long time after it was formally abandoned: in Afghanistan and in Grenada.

Third, the integration of the Soviet Union into the community of nations means in fact a sort of rollback, but a rollback that can happen only from within. It has begun in Poland, Hungary, the Soviet Union and China.

There are not so many real things the West can do to help, except to remain what it has been for so many years: an example of success.

The author, a longtime Moscow correspondent for *Le Monde*, writes extensively on East-West affairs. He contributed this column to *The New York Times*.

America's Left: Absurd Puppies

By Alexander Amerizov

CHICAGO — When Yigal Ligachev attacked Mikhail Gorbachev's "new thinking" last summer, calling it a betrayal of "the class struggle against capitalism," he said such changes only confuse "our friends abroad." At the time, I thought the only confused friend he had in mind was Gus Hall, chairman of the U.S. Communist Party. Several months earlier, Mr. Hall had called Mr. Gorbachev's policies contrary to the interests of the working class.

Gus Hall, who throughout his life followed every twist and turn of Kremlin politics with the obedient precision of a puppy's tail, would not have dared to make his comments without prodding. At that time, Mr. Ligachev — a member of the Politburo — was trying to rally his conservative troops against perestroika.

So when Mr. Ligachev recently attacked Mr. Gorbachev again, calling his market reforms in agriculture a violation of "social justice," I looked to see what had happened to his confused friends here. To my amazement, I found that there is now a whole swarm of them.

Most notably, in his columns in *The Nation*, Alexander Cockburn — one of the chief voodoo priests of the left — vehemently attacked Mr. Gorbachev. Mr. Cockburn asserts, obscenely, that the Brezhnev era was "relatively speaking, a golden age for the Soviet working class." He calls for a return to the "goals of the 1930s" — a time, others will remember, when Western Communists provided ideological support for the millions of murders committed by Stalin.

The Guardian, a leftist weekly, has reported that most organizations of the American left, old and new, share Mr. Ligachev's apprehensions. While they may be divided in their attitude toward the "new thinking" in international matters, they are one in their dislike of domestic market reforms, seeing in them the restoration of capitalism.

There appears to be no broad-based support for Mr. Gorbachev's reforms on the American left. Even Bogdan Denitch, one of the leaders of the Democratic Socialists of America, a political



organization with a social-democratic rather than Communist slant, cautions against "an excessive faith in the new philosopher's stone — the free market in labor and capital." The present policy management of Soviet workers does not seem to produce similar disillusion in him.

Michael Parenti, author of many so-called anti-imperialist books much esteemed by many in the old and new left, has written: "If this is glasnost, who needs anti-Communism?" He goes on to state that "Socialism is too important to be left in the hands of revisionists."

From where this mad dracophilia, or love of tyranny, by the American left? Why have these people, most of whom never once raised their voices against the vicious abuse of Soviet workers before Mr. Gorbachev came to power, suddenly become so interested in these workers' rights?

Mr. Gorbachev's market reforms strike at the heart of the absurd, modern socialist notion that the state is the wellspring of social justice. Many socialists in the West see private property as an

immittigated evil to be restrained by wide-ranging regulations or, better yet, to be abolished.

Thus many, even on the democratic left, overlook the fact that a concentration of economic resources in the hands of the state inevitably leads to tyranny. It is the easiest thing in the world to impose a political diktat on an economically dependent people. Also they often forget the initial promise of socialism: not to make everyone a hired employee of the state but to provide each person with the resources to make a living on his own in free association with others.

Mr. Gorbachev's policies are far from beyond criticism. Yet in the hesitant-to-hostile attitude expressed by the American left, one thing is clear: Once again, as through much of Soviet history, many of its members have sided with the oppressors of the Soviet people. They should be ashamed.

The writer is editor of *The Soviet-American Review*, a monthly newsletter. He contributed this column to *The New York Times*.

Japanese Have Yet to Master the Fine Art of Investing

By Elliot Janeway

WASHINGTON — By putting

Japan at the top of its official "unfair trade" list, the Bush administration has begrudgingly recognized that country's mastery of the fine art of selling. Still, the Japanese are no economic supermen. They know how to make dollars by working abroad, but they have yet to master the fine art of investing those dollars. On the contrary, their U.S. investment record, set in the boom years behind us, shows a remarkable consistency in buying high and selling low.

In 1987, according to the keepers of the archives at Salomon Brothers, Japanese investors bought \$16.9 billion of U.S. stocks, mainly the higher-priced blue chips, which suffered most during the October crash. In 1988, however, Japanese money had eyes only for the damage suffered, but no nose for the trading opportunity ahead on the comeback trail. It cut its buying to \$3 billion — petty cash. On most losses the crash stuck it with, it accepted the verdict of the market, temporary though it proved to be, and sold at the bottom, which was at least consistent with buying at the top.

The U.S. market for fixed-income securities is many times larger than the stock market thanks to the debt on which it feeds. Japanese investors have taken advantage of that to lose more money in U.S. bonds than in stocks. U.S. bond prices topped out late in 1986 and early in 1987. In 1986, Japanese world-wide bond buying peaked at \$93 billion. In 1987, the Japanese

pulled it back to \$73 billion. But 1988 was a year of false recovery for bonds, and for tricky bulls between squalls. Consistently prompted the Japanese to step up their bond buying back to \$86 billion — just in time to get sand bagged by a falling market.

Between direct losses taken on U.S. bonds and indirect losses taken on dollars tied up in U.S. bonds, in those three years Japan's institutional investors, supposedly conservative, dropped \$35 billion to \$40 billion in blind speculation, more than enough to start an entire pack of far-out investors.

Gold is another token for which the Japanese were happy to pay top dollar. Gold-bug fever is by no means limited to the upper reaches of the new Japanese plutocracy. Gold is very much a retail item in Japan. In the past year, gold has fallen more than \$130 an ounce from its \$500 peak late in 1987. Still, Japan reports having doubled its imports the last two years. Another case of misreading the market.

Art at New York prices has exerted a magnetic tug on high-powered Japanese checkbooks for a variety of motives, aesthetics the least of them. One compelling consideration seems to be the urge to bury money in assets at once anonymous and international, presumably as protection against future regulation of the free movement of money in and out of Japan and the United States. Another attraction is that Japanese financial in-

stitutions are allowed to list high-priced art among capital assets; so that the more these financial institutions pay for old masterpieces (mainly with dollars) the more cheap borrowing power they generate in Tokyo for incense-burner market and real-estate dealing at home.

True to form, Japanese buyers took over the lead role at New York gallery auctions just when the prices of masterpieces were "gapping" — stock-market jargon for a tell-tale space between the last transaction price and the next. "Gapping" indicates a top. Japanese buyers paid more money than can easily be counted for the privilege of creating a peak for the art market.

Last year's eagle-beaver participants in the chase after new highs for old art — as well as for anything offered at swishy galleries — are now looking back ruefully at prices they paid in a triumph of enthusiasm over perspective. Japanese patrons of the galleries are by no means the only penitents. Their American followers, blind believers in the new credo that the Japanese have qualified to be our mentors in all things, are certainly just as sorry, if not necessarily any wiser.

Big money from Japan has not limited its miscalculations to America's auction markets. U.S. auto buyers were an original Japanese target, and they remain a prime Japanese preserve. To protect their sales, Japanese auto manufacturers have invested

heavily — as much as \$5 billion so far — in new plants, as insurance against crackdowns on imports. This investment went into high gear just as the U.S. auto business found itself running too fast for its own good. Another gold star for consistent misjudgment.

Finally, Japanese investors have displayed an awesome readiness to overpay for any prestigious office buildings or hotels that bring them an extra dividend of psychic income (which is the only kind they will ever collect from the portfolio of "name" properties they have accumulated in the United States). Last year, according to *The Wall Street Journal*, Japanese real estate owned in the United States made a quantum leap of 63 percent to nearly \$43 billion, just when the real-estate market was softening.

Selectivity and timing are two of the biggest risks in investment decision-making. Japanese investment practice is giving American investors a rare opportunity to insure themselves against errors in both departments. All they need do is keep an eye on the big money from Tokyo in order to sell when it buys.

The writer is publisher of the *Janeway Letter* and author of "The Economics of Chaos: On Revitalizing the American Economy." He contributed this column to *The Washington Post*.

Jew v. Arab: Fear, Hate, Retaliation

By Anthony Lewis

BOSTON — The conflict between Israelis and Palestinians is stoked by fear: mutual fear. We at a distance know that as a generally, as we know it, of Northern Ireland or any intercommunal conflict. But we cannot really know the blinding personal intensity of the emotion.

Now there is a rare chance to see fear working on the minds of Israelis and Palestinians, breeding hate and more fear. The feelings are there, raw, in a Public Broadcasting documentary adaptation of David Shipper's book, "Arab and Jew: Wounded Spirits in a Promised Land."

We see, and weep. For the film shows how human beings on both sides can be convinced from what they have experienced themselves, or what they know their people have suffered, that their cause justifies the use of any means. "History becomes truth," Mr. Shipper writes.

The *New York Times* correspondent in Jerusalem from 1979 to 1984, David Shipper reported on both sides of the conflict with exceptional sensitivity and courage. Now at the Carnegie Endowment for International Peace in Washington, he wrote the film treatment of his book, did the narration and was executive producer.

The program shows that there are reasons in history for the mutual fears. Before the birth of Israel in 1948 Jews in Palestine were the victims of Arab attacks. The Arabs saw the land being taken over by another people.

As the state was declared in 1948, Arab armies attacked. But there were atrocities on the Jewish side, too. The film has painful interviews with two survivors of the massacre in the Arab village of Deir Yassin.

But the emotions go beyond reason. Each side has its stereotypes of the other, as if to define its own existence by its hateful image of the enemy. "From my experience the Arab is very extreme," says Raphael Eitan, a former Israeli army chief of staff, now an extreme right-wing member of the Knesset. "Like a wild animal... like slaves."

Alon Harari, a former intelligence officer, says, "Fear and ignorance reinforce themselves all the time." He tells of his conversation with a taxi driver who says of the Arabs: "We should beat them on the heads, we should beat them and beat them and beat them until they stop hating us."

Abu Nasser, a Palestinian convicted of terrorism, describes coolly how he threw a hand grenade at a group of Israeli soldiers. Just as detached is a Palestinian identified only as Josef, estimating the chances of killing someone with a Molotov cocktail.

Hagai Segal, a convicted Jewish terrorist, describes how he and his co-federates planned to bomb the Palestinian mayors of towns in the West Bank. One mayor was injured by the attack. Mr. Segal says nothing he has done in his life bothers him less.

Not all those who speak are blinded by fear and hate. Mr. Shipper found some on both sides who were able to understand the other, or who saw the futility of the cycle of rage.

Rabbi Josef Porat's daughter, Tirza, was killed when she and a group of West Bank settlers' children approached the village of Beita. Other Jews call for "vengeance," the army blows up 14 houses of Palestinians — one of whom had sheltered the children. But Rabbi Porat says: "It doesn't help to uproot your enemy's tree."

Many of us who follow the Israeli-Palestinian conflict closely keep hoping for a political resolution. We take heart from such developments as the fresh American engagement in the problem, the leadership of President George Bush and Secretary of State James Baker. This film is a needed counter to optimism. It reminds us of the terrible human obstacles to peace.

After seeing the film I telephoned the leading Israeli expert on the occupied West Bank and Gaza, Meron Benvenisti. With anguish in his voice, he said that the situation was growing worse, that Israel's fear of the Palestinian uprising was now producing violent acts against Arabs and rage even against military leaders.

"Fear and retaliation and hatred are becoming a norm on both sides," he said. "Neither can understand the chain reaction from what it is doing."

"There is this diplomacy, the talk of elections looking toward a long-term. But there will be no long-term because of the short! I tell you the situation is ugly. This summer is going to be a turning point."

"Each side thinks it's going to be so bad that the other will wake up to where they are. But the only thing that happens is fear. And fear breeds more confrontations and more fear."

The New York Times

100, 75 AND 50 YEARS AGO

1889: Bruno Enshrined

ROME — After struggling for ten years against clerical intolerance, those who undertook to erect a statue of Giordano Bruno, the great philosopher of Nola, have triumphed, and on the 9th of next month, the monument to his memory standing on the exact spot where the Italian reformer suffered martyrdom, will be inaugurated. The inauguration of a monument to Bruno, in Rome, in 1889, is the emblem by which we mark the centenary of the Revolution of 1789.

1914: Disaster at Sea

RIMOUSKI — The most terrible tragedy of the sea since the loss of the Titanic occurred early yesterday morning (May 29) in the St. Lawrence River. The Canadian Pacific liner Empress of Ireland, on her way from Quebec to Liverpool, was rammed and cut wide open by the Norwegian collier Storstad, and sank twenty minutes afterwards in nineteen fathoms of

water. The Empress of Ireland had run into a dense fog, and her engines were stopped when the Storstad crashed into her. According to official messages, 400 were saved, which would make the loss of life 791; but the unofficial messages place the death toll at the terrible figure of 1,030.

1939: Rites for a Prince

VADUZ, Liechtenstein — Before the feudal castle of Liechtenstein, high up in the Alps above the Rhine, Harry, two-year-old Franz Josef II, last of the 500 princes of the Holy Roman Empire, was invested as sovereign today (May 29) before most of his 11,500 subjects. Only one thing was missing. For the first time in Liechtenstein's 220 years of independent existence, the army was not present, and the reason was that Andreas Kleber, who proudly represented the little principality's one-man fighting force, died last month at seventy-one. Liechtenstein is the last of the forty-four German states to remain independent.

OPINION

Jew v. Arab
Fear, Hate
Retaliation

By Anthony Lewis

BOSTON — The Jewish community in Boston is not alone in its fear of Arab retaliation. In the wake of the recent bombing of the Jewish Center in New York City, many Jewish communities across the country are experiencing a similar sense of vulnerability. The fear is not unfounded, as the recent attacks have shown that such violence is not isolated incidents. The Jewish community must remain vigilant and united in the face of such threats.

The Shmethicists' Error:
It's Not Just Getting Even

By William Safire

WASHINGTON — My job in the Nixon administration was to turn the lights off at a meeting was over. I know it is a cliché, but it is true. The Shmethicists' error is not just getting even. It is a failure to see the bigger picture and to understand the consequences of their actions. They are focused on revenge and not on justice.

The Shmethicists believe
that demand for a new
stringency in standards of
conduct is a passing frenzy.

These are the Shmethicists, a new school of status quo seekers who believe that demand for a new stringency in standards of conduct is a passing frenzy. They are the ones who are most vocal in their opposition to any change in the status quo. They believe that the current standards are sufficient and that any attempt to change them is a waste of time and resources.

self-serving means. Easy, perhaps — but it would be wrong. The ethics-shmethicists debate has little to do with the philosophy of right versus wrong and much to do with the human business of getting even. Robert Bork's brilliance and outspokenness infuriated his ideological opponents; they distorted his legal views and unfairly imputed sexism and racism to Get Even with Reaganism.

John Tower's cold brusqueness in a generation in the Senate left a legacy of Tower-haters in congressional staff positions. Together with a spiteful woman scorned, they overwhelmed a committee chairman until he made past personal morality and drinking history the new test for Cabinet suitability. His longtime personal enemies got even.

Now the Republicans are getting even with "them" through the Housecleaning. The offenses are in no way comparable. Judge Bork was never accused of an ethical or moral lapse, and the revolving-door charges against Mr. Tower were tossed in at the end only to provide a respectable cover for senators uncomfortable with the booze-and-philandering ambush.



A Discerning Criminal Prefers the TEC-9

By Ed Johnson

TALLAHASSEE, Florida — Just in time for Father's Day gift shoppers, there's a list available for those who think old Dad is interested in becoming an assault gun hobbyist. Or even if he's only flirting with a little neighborhood intimidation before tossing the gift in the closet.

Like nearly half the state legislators in the country, and the U.S. Congress, Florida's lawmakers are struggling with appropriate definitions for assault weapons and having marginal success, even with the helpful assistance of National Rifle Association's lobbyists.

the escalating problem of public safety and gun control. Banning military-style assault weapons would seem to be a footnote in any definitive effort to bring some sanity to the control of guns, since the easy access to handguns is a far more pervasive threat to public safety. There are no dependable statistics nationally, but assault weapons — the violent criminal's tool of choice — represent less than 1 percent of the firearms available.

It is no wonder that opinion poll after poll shows around 85 percent of those questioned support sensible restrictions of guns in America. In Florida, that sentiment is the foundation for an attempt to establish a statewide seven-day waiting period between purchase and delivery of a handgun. A political miracle in Tallahassee would see the cooling-off requirement pass in the Florida House. Progress beyond that is unlikely. If it becomes law it surely will come by way of public initiative, not legislative act. By the time that happens, Congress may prove more responsive to the needs of Floridians than the Florida Legislature.

How a U.S. Technopreneur
Faxed Himself in the Foot

By Jerry Knight

WASHINGTON — When the history of facsimile transmission machines is written, Elliot Segal should be remembered as The Man Who Faxed Himself to Death.

Mr. Segal is a classic late 20th-century technopreneur, an innovator who ranks right up there with the inventors of phone sex, colorized movies and 400-numbers that tout video game tips to little kids. He is also the reason that Maryland recently became the second U.S. state to outlaw "junk fax."

Fax machines, for those who blinked and missed the revolution, are the hottest technology since cellular phones. They send and receive copies (facsimiles) of documents by phone lines at the rate of a page a minute or less. At \$8 a pop to send a letter across the country by Federal Express or across town by messenger, versus less than \$1 a minute for a phone call, it doesn't take long to pay for a \$799 fax machine. That's why the fax population of America has doubled — to 2.5 million — in the last year and could double again in the next.

ing. Aside from the aggravation, there are two complaints against junk fax. First, the recipient has to pay for it. The special paper used costs 3 to 5 cents a foot if you buy it at a discount from Mr. Fax, so receiving a junk fax is like getting junk mail with the postage due. Second, when someone is sending you a junk fax, you can't use the machine to send or receive.

There are lots of jammed-junk-fax horror stories about, the best of them about the New York nuclear-submarine crisis.

MEANWHILE
crisis. As The Associated Press tells it, Governor Mario Cuomo of New York was expecting a memo on nuclear power plants from the state consumer protection chief, Richard Kessel, but he couldn't fax it because his machine was busy receiving a three-page menu from a local sub sandwich shop. That's one reason New York is considering a junk fax law.

Connecticut became the first state to legislate against junk fax thanks to Mr. Segal and another of his ventures, the National Fax Users Committee. Mr. Ridinger said Mr. Fax organized the committee at the urging of customers, who fear controls will not only outlaw advertising but require all users to call for permission before faxing anything to anyone. Threatened with the loss of the Connecticut junk fax market, the committee launched a fax attack to try to get Governor William O'Neill to veto the bill. It sent out several thousand faxes urging the faxes to relax the fax to the fax machines in the governor's office. They did. Unfortunately the fax flood coincided with a real one. As the governor was awaiting a flood condition report from the state Office of Emergency Management, the veto pleas came faxing in. Until that moment, the junk fax problem was not considered important enough to require a new law. After the industry faxed itself in the foot, junk fax victims in Connecticut can qualify for up to \$200 in damages.

Then it was on to Annapolis, Maryland, where the junk fax industry launched what Robert Lamucci, the governor's legislative director, called, "the most counterproductive lobbying effort I've ever seen."

For hours, Governor William Donald Schaefer's machine churned out faxes on a fax bill, 343 of them, more than all the messages his office had received on all the other 300 bills awaiting his signature. Most faxes came from out of state and most urged the governor to veto the bill. But roughly one faxer in five crossed out "veto" and wrote in "sign." Many of them added comments that cannot be printed in a family newspaper. The governor got the message. He signed the bill.

It's just a dot on the map.
You're dining peacefully in a place which is no more than a tiny dot on our map.
You haven't been in Spain long but you've already discovered that this isn't one of those countries which has all its charms concentrated in a few places.
Here, as well as enjoying the delights of major attractions such as Madrid, Barcelona, Seville, San Sebastián, and Granada, you've come across a surprising number of unforgettable little villages.
Some with rustic houses made of stone in Spain's green north. Others with white-washed walls bathed in sunlight in the south.
Some nestling in spectacular mountain scenery. Or perhaps stretched out beside one of the many beaches of golden sand.
Each with their own cuisine, wines, dances, music, handicrafts and happy atmosphere.
Spain is unique, you think, as you pause to savour a glass of excellent wine.
Because even a tiny dot hidden away on a map can provide you with unforgettable moments.
Spain. Everything under the sun.

LETTERS TO THE EDITOR

Germany and the U.S.

Regarding "Stop Fearing Reunification" (Opinion, May 13):

Robert Gerald Livingston points out well and urgently the great dangers should the United States and West Germany fail to cooperate in the reunification of Germany. He would serve U.S.-West German relations equally by describing the deterioration of once excellent relations of mutual confidence and support, which began to erode in the early 1970s. As a soldier against Nazism and then one who worked in West Germany from 1950-57, I can attest to the importance of the U.S. government, who observed German democracy, served Ernst Reuter, Dean Acheson, Konrad Adenauer, John F. Kennedy, Lyndon B. Johnson, and Richard Nixon. The U.S. government must profoundly reevaluate its relations with West Germany and act accordingly. Only then can we proceed with confidence in NATO toward arms reduction.

ALAN DODDS,
Bologna.

The NATO Summit: More to Weigh Than Missiles

About two years ago, a delegation of women from NATO nations, under the sponsorship of Women for a Meaningful Summit, asked NATO officials in Brussels whether the premise on which the North Atlantic Treaty Organization was founded — that there had to be a defense against a possible Soviet invasion of the West — still held.

The answer in all cases was "yes." In December of 1988, on another such mission, the women were told, "It is a question of trust."

When NATO representatives were pressed on the likelihood of an armed attack by either side, the consensus was that it was "remote possibility." Nevertheless, at an extraordinary cost, nearly six million active duty military personnel, equipped with tens of thousands of ever more sophisticated conventional and nuclear weapons, perform their ritualistic duties.

20th century, and the writers' view of history is a static one. ("Too Soon for a Mighty Germany," May 3, by A. M. Rosenthal, and "Germans Undo Deterrence: Muddle in Europe's Middle," May 4, by George F. Will).

Germany was kept disunited by deliberate policy, particularly that of the French, beginning in the Thirty Years' War. After German unification, Bismarck followed a policy of maintaining the status quo among the European powers — a policy rooted in close ties with the Russian Empire. The aggressive policy of Bismarck's successors was blunted wherever possible by the British and the French. In the treaty that ended World War I, they exacted revenge.

France and Britain no longer fear Germany, though they may envy its economic power. France's direction of the economic unification of Europe may give the French the opportunity to control the new German power, thus obtaining for France what its policy since the time of Richelieu has been unable to obtain.

History changes, and it changes people and nations.

CHRIS BOCK,
Vienna.

If Chancellor Helmut Kohl sees "no reason for U.S. troops to leave West Germany," as the caption of a front-page photo in your May 9 issue says, it may be because he is afflicted with political myopia. There is now every reason, not least being to get the cost of "defending" the Germans finally off the American taxpayer's back.

NATO, which made enormous good sense for at least its first 20 years, is now an anachronism costing the United States annually a sum roughly equal to its yearly budget deficit: \$150 billion. Isn't it time for the country whose living standards surpassed those of the United States in 1977 and have been getting higher ever since, West Germany, to pay for its own defense?

CARL DOLMETSCH,
Williamsburg, Virginia.

The suggestion that both NATO and the Warsaw Pact deploy a small number of short-range nuclear missiles at agreed upon positions on the NATO front-line, to make them unsuitable for attack but effective for defense ("NATO: Close the Breach," Opinion, May 24, by Enrico Jachia) overlooks NATO's purpose in deploying such weapons, namely to halt any attack by numerically superior Warsaw Pact conventional forces. A preemptive strike against NATO's known short-range nuclear forces would be an attractive option for an adversary.

THOMAS VARGHESE,
Vienna.

I am a 29-year-old West German woman who cannot speak for my whole nation but for myself. Since I was born, I was taught to love Americans, and I do. If America had not defeated the German Reich, I would have been born in a horrible state like the one described by George Orwell in "1984."

Like Americans, we Germans want to save peace and freedom all over the world. We are no longer the aggressor, the one you can't trust. You can have confidence in us, like Germany has confidence in the United States.

Friends must be able to speak about difficulties without ill-humor and anger, but with comprehension, sympathy and confidence. Only then can we solve our problems. Maybe German-Soviet relations will improve, but America will always be our friend.

It is not fair to imply that West Germany wants unity with East Germany at any price. I don't want it at all. I accept the two German nations, as do most of the generation born after World War II.

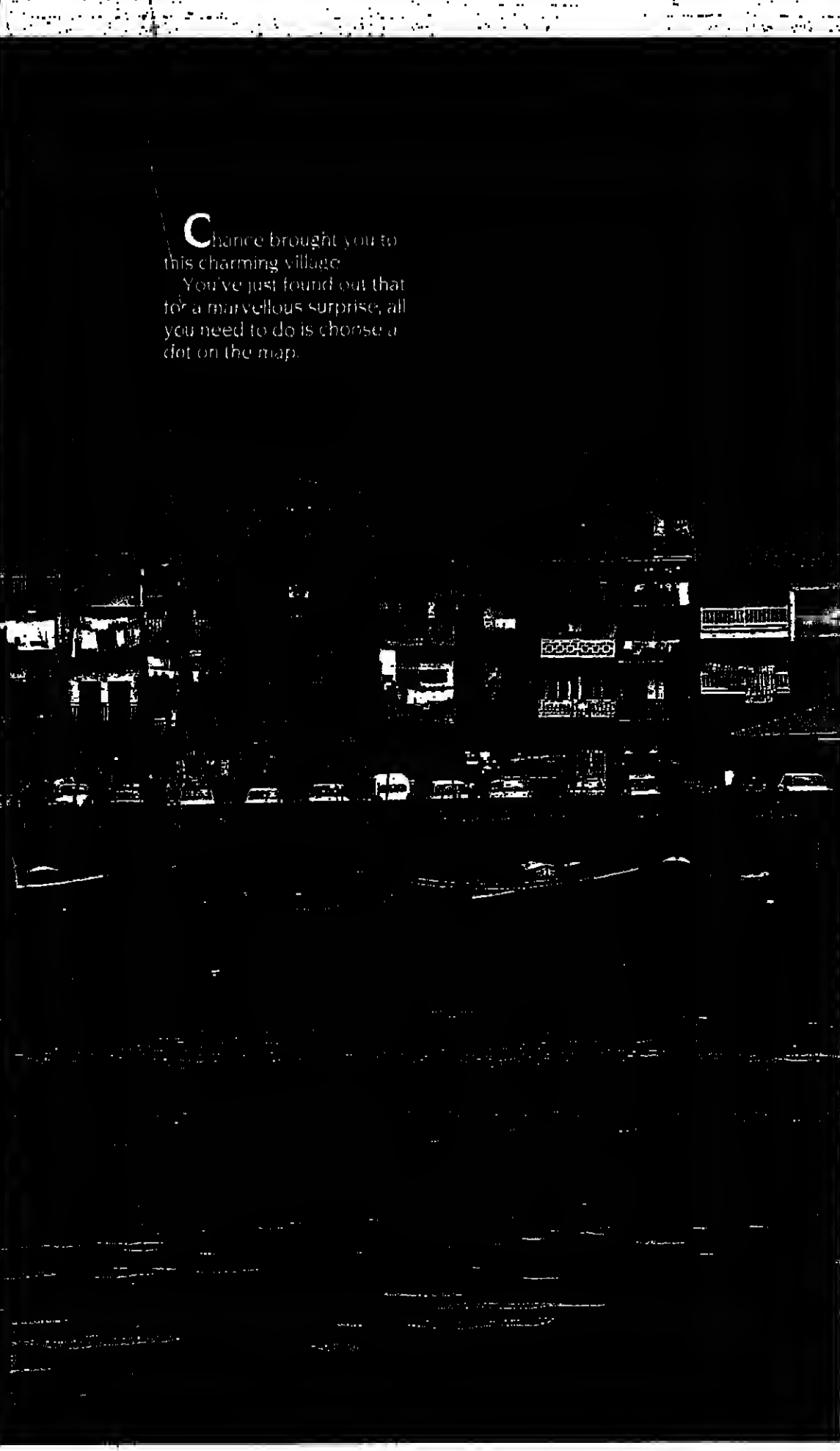
RENATE WULLENKORD,
Eschweiler, West Germany.

Jails Are Not Enough

Regarding "After the Rape, a Verbal Lynching" (Opinion, May 7):

I agree with A. M. Rosenthal's call for due process of law for those accused of the beating and rape of a jogger in New York's Central Park. It bothers me that they have as Mr. Rosenthal put it, been portrayed by a segment of the press as "wolves — no, worse than animals, some kind of hideous mutants."

But then he calls for more jails and says that "jails are still cheaper than crime." America's jails are bulging at the seams, and those in them are treated like animals. "Law and order" is not enough. What about the causes of crime, such as teen-age pregnancies and unwanted children? The public seems only to want to put people behind bars and carry on as usual.

CYNTHIA DAVIS,
Falmouth, Maine.

Spain. Everything under the sun.

Abortion Becomes Issue in Polish Vote

And It Is Dividing the Opposition

By John Tagliabue

New York Times Service

WARSAW — Abortion has become a divisive issue in the campaign for the national elections scheduled for June 4.

The issue is increasing tension among the factions that make up the independent Solidarity union, and between the union and the Roman Catholic Church, which together form the backbone of the opposition to the Communist leadership in Poland.

The issue is also raising questions about the future role of the church in a nation where more than 90 percent of the people profess to be Roman Catholics, but where, by some estimates, half of all pregnancies end in abortion.

Abortion was thrust into the campaign because 70 or so deputies in parliament, many of them declared Solidarity supporters who describe themselves as belonging to the movement's conservative wing, are supporting a bill that would revoke present laws and impose severe penalties on women who have abortions and those assisting in the procedure.

The elections are to choose 100 members of a new senate, in freely contested races. Together with the 460-member chamber of deputies, in which the Communists are assured a 65 percent share, it will elect a president of Poland for a six-year term.

The abortion bill drew extra attention because the Polish parliament enacted landmark legislation this month that legalizes the Roman Catholic Church for the first time under Communist rule. A fully legalized and therefore more powerful church structure threw its weight behind the measure.

Among the backers of the abortion bill are influential Catholic

politicians, whose efforts to get onto the Solidarity list of candidates were rebuffed.

Partly, at least, some of them were being paid back for their willingness, earlier in the decade when Solidarity was outlawed, to cooperate in such limited ways with the Communists as joining the Communist-dominated parliament.

"Solidarity could have been the mother of all, symbolically at least," said Ryszard Bender, a professor of history at the Catholic University in Lublin, and a deputy in parliament who professes to be a Christian Democrat and supporter of Solidarity.

"It could have been a play of many forces," he said.

"Now there is only one," he added, lashing out at what he says is the takeover of Solidarity by socialist forces inimical to his group.

Mr. Bender, who is one of the deputies backing the abortion bill, was refused a slot on Solidarity's slate. Though he says he is "part of the opposition," he is running against an official Solidarity candidate in Lublin for a seat in the next parliament.

The church finds itself supporting Solidarity candidates hardly noted for their religious fervor against the Catholic lay leaders.

Mr. Bender adheres to the church position, but it is the official Solidarity candidate in his Lublin district who enjoys the formal backing of the church, which has endorsed the entire Solidarity slate.

The timing of the abortion bill and the prominent place given by the official press and television to the debate over the issue have led some Solidarity strategists to speculate that it was purposely introduced to embarrass the opposition and split its ranks.

"The authors didn't come forward with their proposals earlier, nor do they want to wait the time when there will be a new parliament," Kazimierz Dzielanowski wrote in *Gazeta Wyborcza*, Solidarity's official campaign daily.

"They came forward now," he added, "and that's why their step can be judged a political diversion."

In 1956, the government of Wladyslaw Gomulka, whose ascendancy signaled the end of a period of harsh political repression, passed

legislation that liberally allowed abortion in case of medical or economic hardship.

In a country where means of contraception are scarce and alcoholism is cited as causing many unwanted pregnancies, the result of the legislation was that abortion became over the years a common way to limit family growth.

This month, during parliamentary debates on the new bill, demonstrators opposing change in the law picked parliament and delivered petitions with thousands of signatures.

Students in Warsaw and other cities marched to protest the new bill.

Catholic organizations countered, swamping deputies with letters urging their support and gathering thousands of signatures on petitions in parishes.

Solidarity's leader, Lech Walesa, met early this month with Poland's primate, Cardinal Jozef Glemp, and both men issued a statement afterward urging that abortion not be a campaign issue.



Lech Walesa leading a religious procession at a campaign rally at Piekary, in southern Poland.

A Swede Is Formally Charged With Murder of Palme in '86

By Steve Lohr

New York Times Service

STOCKHOLM — A 42-year-old Swede with a history of criminal violence and drug abuse was charged Monday with the murder of Prime Minister Olof Palme.

The suspect, Carl Gustav Christer Petersson, has been held in custody since December, as the Stockholm police and prosecutors gathered more evidence.

After questioning hundreds of people, in Sweden and as far away as New Zealand, the prosecutors, in court papers filed Monday, stated that their case would rest on 33 witnesses and one most of all: Lisbet Palme, the slain prime minister's wife.

Mrs. Palme was wounded by the armed man who killed her husband in central Stockholm after they left a movie theater on the night of Feb. 28, 1986. She was tentatively identified by Mr. Petersson from a videotape she was shown last December as matching her recollection of the man she saw that night at a distance of "five to seven meters" (16 to 23 feet), when she turned just after the shooting.

But Mrs. Palme, according to the court documents, has not stated specifically that the man she recalled seeing was the murderer. Nor did she testify that she recalled seeing the man carrying a gun.

The prosecution has virtually no forensic evidence, no murder weapon and no clear-cut motive. Throughout his six-month detention, Mr. Petersson has maintained that he is not guilty.

The trial of the Palme murder case, before a jury of two judges and six lay persons, is scheduled to

begin on June 5 and is expected to last for several weeks.

Under the Swedish judicial system, a suspect can be held for months without being formally charged, but prosecutors must satisfy a judge that the case is proceeding to warrant the suspect's continued detention.

The lengthy wait until formal charges are filed, as more and more evidence is gathered, also means that the rate of conviction in cases that go to court in Sweden is quite high. In criminal cases overall, for example, more than 90 percent result in conviction.

Yet the prosecutors were only guardedly optimistic about the outcome of the court case. One senior prosecutor, Anders Hehn, declined to predict a guilty verdict. Asked to assess the evidence against Mr. Petersson, the other senior prosecutor, Jorgen Almlid, replied: "It's strong enough. I am personally convinced that this is the man."

The Swedish public is apparently not yet convinced. A poll last month for the Swedish newspaper *Aftonbladet* found that only 18 percent of the public believed that the 42-year-old killed the prime minister, while 42 percent said they did not believe that he was the murderer and 40 percent had no opinion. Because of Swedish reporting restrictions, a criminal, even if convicted, cannot be named in domestic newspapers.

"It is a skeptical to disbelieving public that will be watching this trial," said Bo Ekman, director of the Swedish Institute for Opinion Research, which conducted the poll for *Aftonbladet* last month.

In Mr. Ekman's view, the idea of a lone, deranged gunman being responsible for Mr. Palme's death

does not sit easily with most Swedes' belief that theirs is a national society, largely immune from the random violence that afflicts other nations.

"The Palme murder was such an unusual and wrenching event in Sweden that there was great need to rationalize it," Mr. Ekman said. Swedish investigators pursued the idea that Mr. Palme was the victim of a political assassination for more than a year. The longest-lived theory was that Mr. Palme was killed by leftist Kurdish extremists hired by Iran after Mr. Palme had stopped Swedish arms shipments to Iran.

The Kurdish theory was discredited when a group of Kurdish immigrants were rounded up by the Swedish police on Jan. 20, 1987, but were released later the same day for lack of evidence. The police chief in charge of the Palme investigation resigned a few days later.

Mrs. Palme identified Mr. Petersson from among 12 men videotaped by the police. She made the identification the day he was arrested, Dec. 14. According to the prosecution's document, she picked out Mr. Petersson, labeled "No. 8" in the video, and said: "He looks like the one, as I have described him. His face, eyes and that terrible look are the same."

The prosecution document added, "At a distance of five to seven meters, she was face-to-face with the man."

Criminal lawyers in Stockholm say the prosecution will strive to show that Mr. Petersson, whose past crimes include murder, has the character required to kill and to show that he was the person nearest to the crime.

For UN Food Effort to South Sudan, Huge Delays Only Part of Problem

By Mary Battiata

Washington Post Service

LOKICHOKIO, Kenya — For the better part of a month, despite the best efforts of relief workers, a fully loaded UN food train bound for war-torn, famine-threatened southern Sudan was stuck in the north. There was always a reason.

First, Sudanese railroad workers were on strike for back pay. Then they wanted written guarantees that the train would not be attacked by rebel soldiers. Then the train could not budge because of Ramadan, the Muslim month of prayer and fasting.

After that, there was the celebration to end Ramadan. Two weeks ago, the train was ready to roll when the Sudanese government decided that the previously agreed distribution ratio of the cargo, half the grain for government towns, half for the rebel-held countryside, was wrong.

On May 20, at long last, the train got under way, but the next day it was stopped again.

The Sudanese government said the following Tuesday that more than 100 armed bandits flagged down the train, dragged off three relief officials, including the head of the United Nations Development Program in Sudan, robbed them of valuables and UN passports and held them for several hours before releasing them.

The train started up again after the robbery, but the next day it was derailed. Some track was missing.

The train's saga was the most dramatic, but by no means the only, problem that has afflicted the UN's ambitious, \$132 million Operation Lifeline Sudan, known to some of its harried workers as Operation StrifeLine.

It was launched April 1 with the intention of stockpiling more than 100,000 tons of emergency food in southern Sudan before rains turned roads and airstrips into mud.

But the seasonal rains are starting now, and Operation Lifeline has delivered less than half the food its organizers said would be needed to prevent a recurrence of the famine that last year killed an estimated 250,000 southern Sudanese.

Why has the UN fallen short? Part of the problem, said a number of senior private aid agency officials, has been the considerable logistical and security problems presented by southern Sudan, a swampy, malaria-infested area with virtually no paved roads or communications.

Part of the problem remains Sudan's six-year civil war. Despite their agreement with the UN to allow free passage of relief supplies, both the rebel Sudanese People's Liberation Army and the Khartoum government still bicker over how much food should go where. The rebels also restrict Western relief workers.

Part of the problem is of the UN's own making. Relief workers and Western diplomats with long

experience in Sudan said the UN program started late and was overly ambitious, given last year's well-documented difficulties.

UN officials said Operation Lifeline will continue through the rains. But from now on, the weather is going to make everything more difficult. Even here in Lokichokio, a relatively arid outpost near the Sudanese border, the airstrip already is unusable for several hours after each downpour.

Even if Operation Lifeline fails to meet its delivery target, many officials say it should be considered a success because it has established an important precedent: that of moving emergency food to civilians caught in a war zone.

Still, the food shortages are expected to be severe. Some observers, however, see some reason to hope they will not be as acute as last year.

They note that the Sudanese rebels have consolidated their territory and that there is less turmoil, partly because so many civilians already have fled the region. But the truth is, no one really knows the severity of the shortage.

UN Convoy Ambushed

Gunsmen ambushed a UN relief convoy in southern Sudan with rifles and landmines, destroying one truck and killing three civilian relief workers, officials of the World Food Program told United Press International in Nairobi Monday.

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Andreas Hillgruber, Expert on Nazism, Dies

New York Times Service

Professor Andreas Hillgruber, 64, a West German historian who set off a debate on the historical perspective of the Holocaust, has died in Cologne after a long illness.

Mr. Hillgruber was an authority on the Third Reich and had joined the faculty of the University of Cologne in 1972.

He was the author of a book in 1986 that instigated a debate that sharply split German scholars and journalists for a time. The short work was entitled "Two Kinds of Destruction: The Shattering of the German Reich and the End of European Jewry."

It suggested a connection between the collapse of the German Army's eastern front in World War II and the genocide carried out against the Jews.

In the book, Mr. Hillgruber also gave long accounts of mass rape and "barbarian" behavior by Soviet troops advancing from the east toward Berlin.

He contended that Austria, more than Germany, had fostered the strong anti-Semitism that led to the death camps, and that it was Hitler's personal hatred for the Jews that led to the mass killings.

By juxtaposing the collapse of the eastern front and the genocide, Mr. Hillgruber invited moral comparison of the two.

Not long afterward, Jürgen Habermas, a West German sociologist writing in the weekly *Die Zeit*, challenged the book and criticized what he called "apologetic tendencies in the writing of modern German history."

Eventually, the president of West Germany, Richard von Weizsäcker, felt constrained to declare before a congress of West German historians: "Auschwitz remains unique. It was perpetrated by Germans in the name of Germany. This truth is immutable and will not be forgotten."

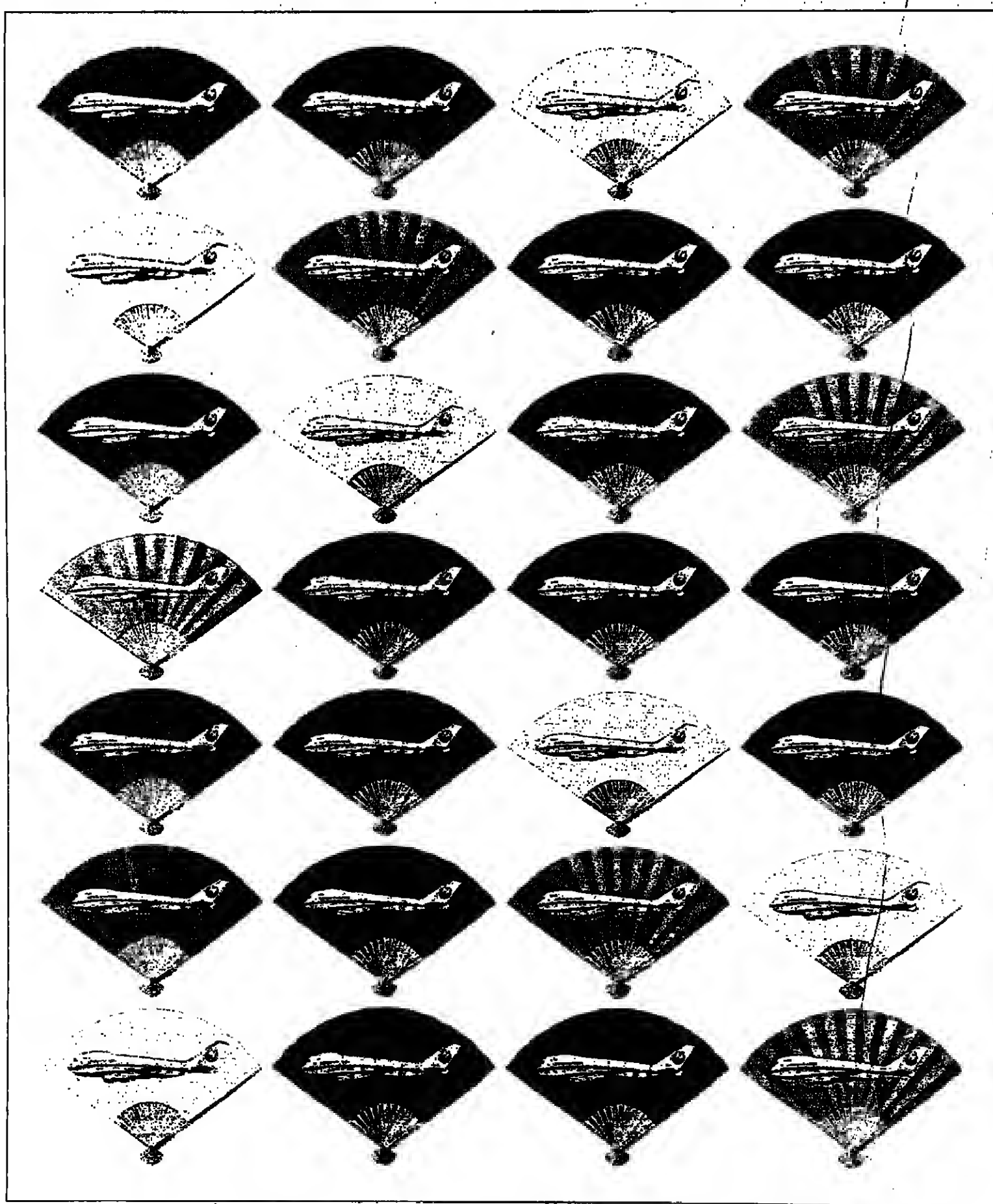
With those sentences, he declared an end to the dispute, and Mr. Hillgruber said he completely agreed.

Frederick G. Fisher, 68, Target of McCarthy

NEW YORK (NYT) — Frederick G. Fisher, 68, a lawyer who in 1954 contributed to the downfall of Senator Joseph R. McCarthy at a turning point in hearings involving the senator and the army, died of a heart attack Thursday in Tel Aviv. He was at a lecture sponsored by the Israeli bar.

Mr. Fisher was a young member of the Boston firm of Hale & Dorr during the 1954 hearings, when the senator charged that he had been a member of a Communist front organization. Joseph N. Welch, the lawyer for the army and a partner in Hale & Dorr, seized the opportunity and in a tearful voice called McCarthy "Have you no decency, sir?" Historians consider the change the turning point against the senator, who was subsequently censured by his colleagues.

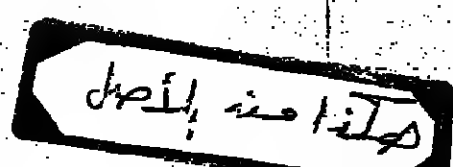
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Family Reunion

Condensing Soviet Newsmen Watches the Antics

By Serge Schmemmann
New York Times Service
BRUSSELS — To the official participants at NATO's 40th anniversary summit meeting, any talk of disunity was anathema. To almost anyone else here it was an understatement.
As if the big rift over short-range missiles was not enough, many a government delegation was hardly speaking with one voice, if the members were on speaking terms at all.
The West German team, whose defiant stance against short-range nuclear weapons precipitated the disarray in the alliance, itself proved to be no monolith. Chancellor Helmut Kohl and Foreign Minister Hans-Dietrich Genscher, coming to Brussels after a week of bitter squabbling that almost dissolved their coalition, even stayed at different hotels.
Mr. Genscher's spokesman explained that this was simply a matter of preference. The foreign minister liked the Hilton, and the chancellor preferred the Amigo. Given how badly the unfortunate Mr. Kohl has been politically mauled in recent months, there were wags who found it appropriate he should choose lodgings whose name means prison in Belgian slang.
Britain's Prime Minister Margaret Thatcher, who descended on the

NATO NOTEBOOK

summit as the scourge of all who would touch NATO's arsenal, also descended in a separate plane from her foreign secretary, Sir Geoffrey Howe. Sunday newspapers in London said they were barely on speaking terms, though a British officer gamely noted that the ministers were together for a briefing by Britain's ambassador to NATO.
The Italian government was into one of its periodic upheavals, and there was talk that Prime Minister Ciriaco De Mita might be soon succeeded by his traveling companion and foreign minister, Giulio Andreotti — again.
And then there was Andreas Papandreu, the Greek prime minister. He arrived to attend the summit in the company of his paramour, Dimitra Liani, while his estranged wife arrived separately to participate in a critical "NATO summit watch" as international president of Women for a Meaningful Summit.
There was no immediate report on which, if either, of the two women joined other NATO spouses for a reception by Queen Fabiola.
While Mr. Papandreu's problem was largely his own, those in the other delegations seemed pretty much the normal ravages of robust democracy. But that seemed small comfort to politicians acutely sen-

BUSH: Summit Question

(Continued from page 1)

ly popular in the West German campaign for the European Parliament elections scheduled for June 18. Legislative elections are due in West Germany at the end of 1990, long before the U.S. plan could be expected to usher in talks on cutting the U.S. nuclear arms on West German soil.
Beyond the timetable on nuclear disarmament, the Bonn government still diverges from Washington and London in refusing to rule out the possibility of seeking to remove all short-range nuclear weapons from Europe.
Mr. Bush and Prime Minister Margaret Thatcher of Britain have insisted that such a major step toward denuclearization — known as the "third zero" — should be explicitly excluded by NATO in considering eventual nuclear disarmament talks.
Mr. Bush insisted Monday that he could never foresee NATO's dispensing with U.S. nuclear forces in Europe. The removal of land-based missiles, as sought by the Bonn coalition, could unleash political momentum for the removal of U.S. airborne nuclear weapons in Europe as well.
Mr. Kohl, through a spokesman, referred on Monday to his earlier statement that NATO needed land-based nuclear missiles "in the prevailing circumstances." But this formulation is too weak in the eyes of Mr. Bush and Mrs. Thatcher for them to agree that NATO should accept the idea of negotiations on the missiles.
Mr. Kohl's attitude at the summit meeting, diplomats said, will probably be determined by Mr. Genscher's calculations. Mr. Genscher is reportedly weighing the political advantages to be gained by keeping open the nuclear question against the possible costs of allied accusations that he blocked a summit agreement.
Other allied nuclear nations, Britain and France, supported the thrust of the Bush initiative as a political breakthrough for the West and as a possible basis for compromise with Bonn.
But diplomats from both countries acknowledged Monday that the summit meeting, whatever its outcome, has inaugurated an era of West German political power in the alliance. A British diplomat said, "West Germany has gained an equal voice on nuclear strategy, using arms control instead of weapons for leverage."

Ex-Chief of Chad Army Reported Slain in Coup

Agence France-Press

LIBREVILLE, Gabon — The former armed forces commander of Chad, Hassan Djamous, has died of wounds he suffered after launching a failed coup against President Hissene Habré last month, a Chadian official said Monday.
The official said the commander was wounded in the head and legs on April 11 when Chadian troops chased coup plotters into the western Darfur region of Sudan.

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The 4-Point Plan, in Bush's Words

The Associated Press

BRUSSELS — Following are excerpts from President George Bush's meeting with reporters on Monday at which he announced a four-point U.S. arms-control initiative.

This morning, I met with the other NATO leaders and shared with them my views on the role of the North Atlantic alliance in a changing Europe. NATO, we all agree, is one of the great success stories, and it's guaranteed the peace in Europe, provided a shield for 40 years of freedom and prosperity.
And now, our alliance faces new challenges at a time of historic transition as we seek to overcome the division of Europe. I call it beyond containment.
And today I am proposing a major initiative to help move us toward that momentous objective. If it were accepted, it would be a revolutionary conventional arms control agreement.
I believe the alliance should act decisively now to take advantage of this extraordinary opportunity and I urge that NATO adopt a four-point proposal to bring the Vienna negotiations to a speedy conclusion.

First, lock in Eastern acceptance of the proposed Western ceilings on each side's holdings of tanks and armored troop carriers. Additionally, we would seek agreement on a similar ceiling for artillery, provided there are some definitional questions that have to be resolved there. But all of the equipment reductions would be destroyed.
We would then, No. 2, expand our current NATO proposal so that each side would reduce to 15 percent below current NATO levels in two additional categories: Attack and assault, or trans-

port, helicopters; and all land-based combat aircraft. All of the equipment reduced would be destroyed.
And third, propose a 20-percent cut in combat manpower in United States-stationed forces and a resulting ceiling in U.S. and Soviet ground and air forces stationed outside of national territory in the Atlantic to the Ural zone at approximately 275,000.

We can and must begin now to set out a new vision for Europe at the end of this century.

President Bush

Each, this manpower ceiling will require the Soviets to reduce their forces in Eastern Europe by about 325,000 people. With drawn soldiers and airmen on both sides would be demobilized.
And then, fourthly, accelerate the timetable for reaching a CFE [conventional forces in Europe] agreement along these lines and implementing the required reductions. I believe it should be possible to reach such agreement in six months or maybe a year and to accomplish the reductions by 1992 or 1993.
Now, if the Soviet Union accepts this fair offer, the results would dramatically increase stability on the Continent and transform the military map of Europe.
Q. Mr. President, can you ever see a time when you might not have nuclear forces in Europe?
A. No.
Q. Never?
A. Because the — we need the concept of flexible response and I can't in the foreseeable future see us getting away from that.

A NATO Chronology

New York Times Service

March 1946 — Winston Churchill, leader of Britain's Conservative opposition, warns of Soviet expansionism in his Iron Curtain speech at Fulton, Missouri. With President Harry S. Truman present, he calls for the United States and Britain to unite as guardians of the peace.

March 1947 — The Truman Doctrine begins with economic and military aid to Greece and Turkey, starting a policy of containing communism.

February 1948 — Stalin completes his takeover of Eastern Europe by gaining control in Czechoslovakia.

June 1948 — Stalin blockades West Berlin; the Allies respond with the Berlin airlift.

April 4, 1949 — The United States, Canada and 10 European countries form NATO; Greece and Turkey join in 1952 and Spain in 1980.

May 6, 1955 — West Germany joins NATO.

May 14, 1955 — The Soviet Union signs the Warsaw Treaty with its East European allies.

1966 — President Charles de Gaulle removes French forces from the consolidated command structure and asks foreign NATO units to leave France.

1979 — NATO decides to deploy cruise and Pershing-2 nuclear missiles in Europe but to seek talks on reducing such intermediate-range forces in Europe.

1983 — Despite major anti-nuclear protests, deployment of intermediate-range nuclear forces begins in Britain, West Germany and Italy under the 1979 agreement.

1985 — President Ronald Reagan starts his program to develop space-based anti-missile defenses, called the Strategic Defense Initiative.

December 1987 — Mikhail S. Gorbachev, the Soviet leader, and Mr. Reagan sign an agreement to eliminate their land-based, intermediate-range nuclear arms in Europe, leaving French and British weapons in place. Giving their consent, NATO allies suggest further superpower talks about conventional forces and short-range, or "battlefield," nuclear arms.

March 1988 — Mr. Gorbachev, in Yugoslavia, calls for an integrated Europe with fewer weapons and more economic coherence.

December 1988 — Mr. Gorbachev, at the United Nations, asks for basic changes in relations between the superpowers. He announces cuts in Soviet military strength and phased withdrawals from Eastern Europe.

April 1989 — Chancellor Helmut Kohl of West Germany demands prompt superpower talks on short-range nuclear weapons, most of them in West Germany and under U.S. control.

May 1989 — Mr. Gorbachev surprises Secretary of State James A. Baker 3d by announcing the removal of 500 short-range nuclear weapons from Eastern Europe and detailed proposals on conventional forces.

NATO: Bush Plan Wins Applause

(Continued from page 1)

enough short-range nuclear missiles on the Continent.

Both Britain and France said they welcomed the overall plan but would reject any cuts in their own aircraft used in their nuclear forces.

A U.S. official predicted that NATO would adopt the broad lines of the U.S. proposals, "finish the details on it" and submit a version to the Vienna conference.

The Soviets have an estimated 625,000 troops in Eastern and Central Europe. Mr. Gorbachev has already offered a cut to 350,000 and has proposed equal ceilings of 1.35 million for NATO and Warsaw Pact forces.

To reach 275,000, the Soviets would have to cut 50,000, or about 57 percent.

Mr. Bush also challenged the Soviets to negotiate cutbacks in combat aircraft as well as assault and attack helicopters so that the two alliances will have ceilings 15 percent below NATO's current level, or about 5,440 for each side. This could result in a wrangle-over the definition of Soviet planes, some of which Moscow describes as defensive.

He also urged the Soviets to formalize a proposal by Mr. Gorbachev earlier this month for ceilings of 20,000 on tanks, 28,000 on armored troop carriers, and 16,500 on 24,000 for artillery pieces, depending on how the weapons are defined.

Calling his own proposals "a fair offer," Mr. Bush said that the plan "signals a willingness on our part to really put Mr. Gorbachev to the test."

Helmut Kohl, the West German chancellor, expressed what appeared to be the general sentiment at the two-day Brussels meeting when he said that the Bush plan was a welcome sign of U.S. leadership in the direction sought by all allied governments.

The chancellor, a key figure in the North Atlantic Treaty Organization dispute over modernizing the alliance's short-range missiles, hailed Mr. Bush's "great initiative for rapidly reducing conventional arms."

"President Bush has today paved the way for further success of our alliance," Mr. Kohl asserted. "I congratulate him on this far-sighted step, with which he has once more impressively affirmed the United States' leadership."

Mr. Bush said that his initiative could bring NATO and the Warsaw Pact to "a revolutionary conventional arms control agreement" that would be capable of dramatically alleviating the East-West military structure in Europe.

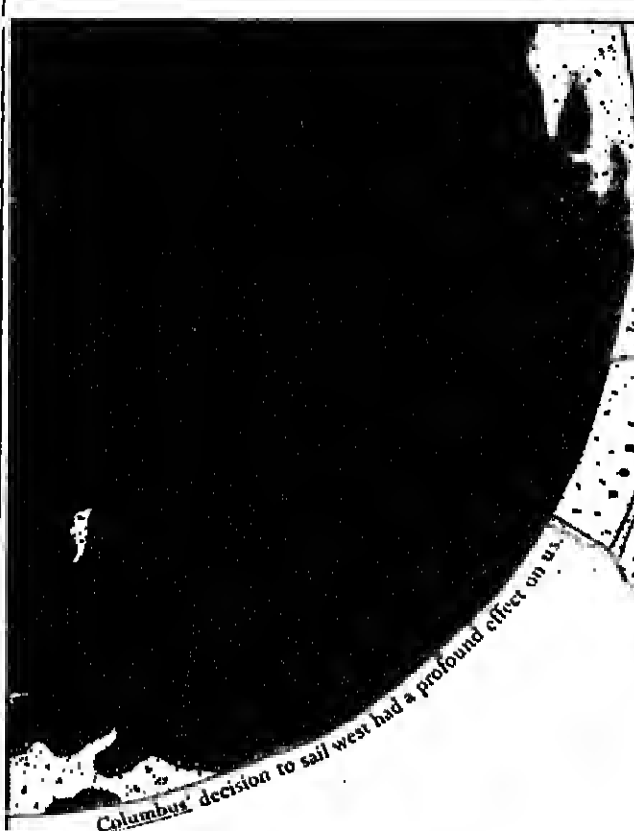
"Now, if the Soviet Union accepts this fair offer, the results would dramatically increase stability on the Continent and transform the military map of Europe," the president said. "We can and must begin now to set out a new vision for Europe at the end of this century."

Mr. Bush hinted that he would be interested in meeting with Mr. Gorbachev if the Soviet Union responded favorably to his proposals.

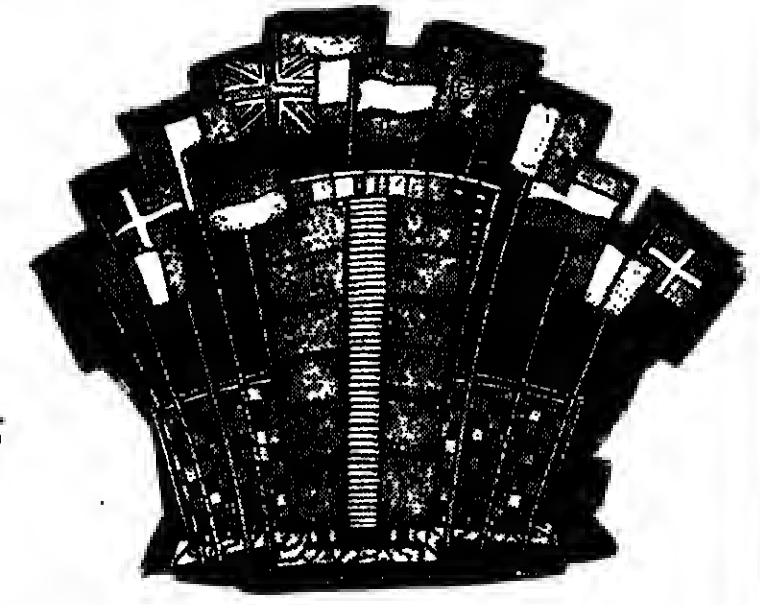
In an apparent bid to reverse



President Bush and Prime Minister Thatcher at the opening of the NATO summit meeting.

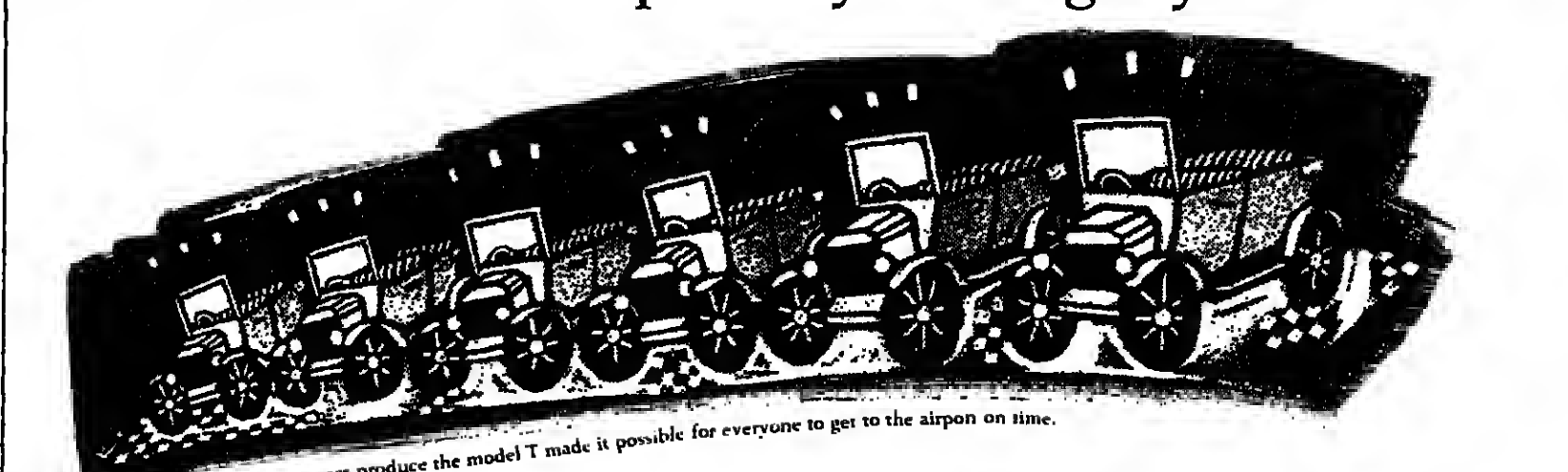


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Catalonia: Looking to Europe

Recovery Exceeds Expectations

By William Chislett

BARCELONA — Catalonia's consumer binge is graphically illustrated by the number of new cars bought last year. Roughly one in every 15 people in the region purchased a new car. The 200,000 new cars for 3 million people, aged between 20 and 60, are more than double the number sold five years ago.

Restaurants are full and reservations for good ones have to be made well in advance. Shops stay open until 8 P.M. and do a brisk trade.

For the past four years, Catalonia's economy, the most diversified of any region in Spain, has been growing at an even faster rate than the booming national economy. Last year its gross domestic product grew 5.6 percent, compared to 5 percent for the whole of Spain.

Catalonia, which lacks heavy industries, was one of the regions hardest hit by Spain's 1978-1984 economic crisis. Traditionally, it has been strong in textiles, one of the sectors that was most affected.

However, once economic activity began to improve after a painful period of readjustment, Catalonia was the region that benefited the most.

Business has also been boosted by a surge in foreign investment. Last year Catalonia received 201.3 billion pesetas (\$1.78 billion) of foreign investment, almost one-quarter of the total in Spain and more than the region's 20 percent contribution to the country's GDP. Almost all Japanese investment in Spain is going into Catalonia, which is now that country's most favored region in Europe. Japanese companies have created almost 19,000 jobs in Catalonia in the last few years; Nissan has the largest presence.

Catalonia's unemployment had risen from a mere 2.7 percent in 1975, the year Franco died, to 21 percent at the end of 1986. Now it is down to about 15 percent, three points below the Spanish average, although no official believes this figure, which masks a vigorous black economy.

The majority of the few Spanish companies known abroad are based in Catalonia: the car manufacturer Seat, now owned by Volkswagen; the motorcycle company Derby, with several world championships to its credit; the Puig perfume company; the lollipops multina-

Continued on page 10



The beach at Celleta on the Costa Brava is a favorite spot for the residents of Gerona.

Some Inland Charms for Tourists

By Barbara Bell

GERONA, Spain — This ancient capital is known on the Costa Brava as a town for cloudy days, a place to spend a few hours when the sun has temporarily abandoned the beach and there's nothing better to do. But some fortunate visitors to Catalonia are discovering that Gerona and its beautiful green surroundings contain pleasures enough to fill many sunny days, too.

There are narrow old streets to explore that are as picturesque as those of Córdoba or Seville. There is a monumental flight of 90 steps climbing to a dramatic cathedral with 75-foot wide Gothic nave — the widest in the world — ramparts to walk on and sidewalk cafés.

Museums, many housed in historic stone churches and palaces that would be impressive even if they were empty, fairly burst with treasures of Catalonian art, especially beautiful are the Romanesque religious paintings and

statues created in the 11th and 12th centuries for area churches. There are 12th-century Arab baths to explore and peaceful medieval cloisters.

Restaurants serve generous portions of a distinctive regional cuisine that frequently combines seafood and meat and makes use of rabbits raised on nearby farms and fresh, locally produced vegetables. Beans are especially tender and prepared inventively, often with tasty sausages.

Crema catalana, a creamier custard than the standard Spanish flan, served in an individual clay dish with a thin, crisp layer of caramelized sugar on top, is the dessert of choice here.

But despite the charms of Gerona, for decades most tourists have preferred Catalonia's coast to its inland cities. And, of the 50 million tourists who visited Spain last year, 14 million came to Catalonia, many of them repeat visitors.

"We have discovered that 51 percent of tourists on the Costa Brava — which forms the eastern boundary of Gerona province — have

been here five times or more," says Joan Ferrer, director of tourism for Gerona. "Now they want to go farther inland."

Only a few minutes' drive inland from the well-known beach resorts of San Feliu de Guixols, s'Agaró and Playa de Aro lie medieval villages, such as Pals and Peratallada, set on rises in the rich agricultural land of the Lower Empordà region. Gerona lies about 30 kilometers (18 miles) away.

To the northwest of Gerona, in a circuit that can be covered in three or four hours but is worth at least a full day, is the spring-fed lake of Estolles, overhung by weeping willows, where the 1992 Olympic rowing competition will be held. And, in the forested foothills of the Pyrenees Mountains, there are picturesque old villages set in the only volcanic landscape still visible on the Iberian Peninsula, the Garrotxa Volcanic Zone Natural Park.

Volcanic activity in the area covered by the park began some 350,000 years ago. The last dated eruption occurred in the El Croscat vol-

Continued on page 10

Prosperous Region Takes on New Roles

By William Chislett

BARCELONA — Visitors to Barcelona, the capital of Catalonia, Spain's most developed and diversified region, can hardly fail to miss the enormous statue of Christopher Columbus near the port showing him pointing out to sea. Most assume that he is looking toward America. In fact, it is to Europe that he is showing the way.

Almost 500 years after Columbus discovered the New World, Catalonia is emerging as a force to be reckoned with in Europe. Catalans delight in pointing out the irony of the statue which they say symbolizes their newfound strength as the "factory of Spain" and their commitment to Europe.

Catalonia covers 6 percent of Spain's land area and has a population of 6 million (16 percent of Spain's 39 million population). But its contribution to Spain is much greater: almost 20 percent of gross domestic product, 23 percent of exports and almost one-quarter of foreign investment in the last few years. Its port is the third largest in the Mediterranean.

Traditionally the most forward-looking part of Spain, Catalonia has the feel of another country. It is as far as fervent Catalan nationalists are concerned. Catalans have their own language and autonomous government, the Generalitat, which was first established in 1359. It was suppressed during the 36 years of the Franco dictatorship and restored in 1978.

The two Catalan TV channels, run by the conservative Generalitat almost as a propaganda arm, always refer to Spain as "the Spanish state" — never "the country" — in order to differentiate Catalonia and subtly imply that it, too, is a country.

Historically, Barcelona and Madrid have maintained uneasy relations and this has instilled a deep sense of mistrust in Catalans. Barcelona vs. Real Madrid football matches are a cause for much nationalistic breast-beating, and if "Barça" loses, it is not uncommon for Catalans to blame the defeat on biased referees.

The welfare minister for the Generalitat suggested in the local parliament recently that taxpayers should tick the box in their returns giving a small percentage of their income to the church, rather than to the other option — social services — because that way the money stood a better chance of being used in Catalonia and not going to Madrid.

Jordi Pujol, the pugnacious president of the Generalitat and tireless promoter of Catalonia,



Jordi Pujol, president of the Generalitat, Catalonia's administration.

is received abroad by foreign governments almost as if he were a head of state, to the discomfiture of the Socialist central government in Madrid.

Mr. Pujol likes to promote Catalonia as a kind of California in Europe. The image is not too far-fetched. Catalonia is Spain's most prosperous region — per capita GDP in 1987 was \$10,107, compared with \$8,104 for the whole of Spain — and it offers an attractive life-style.

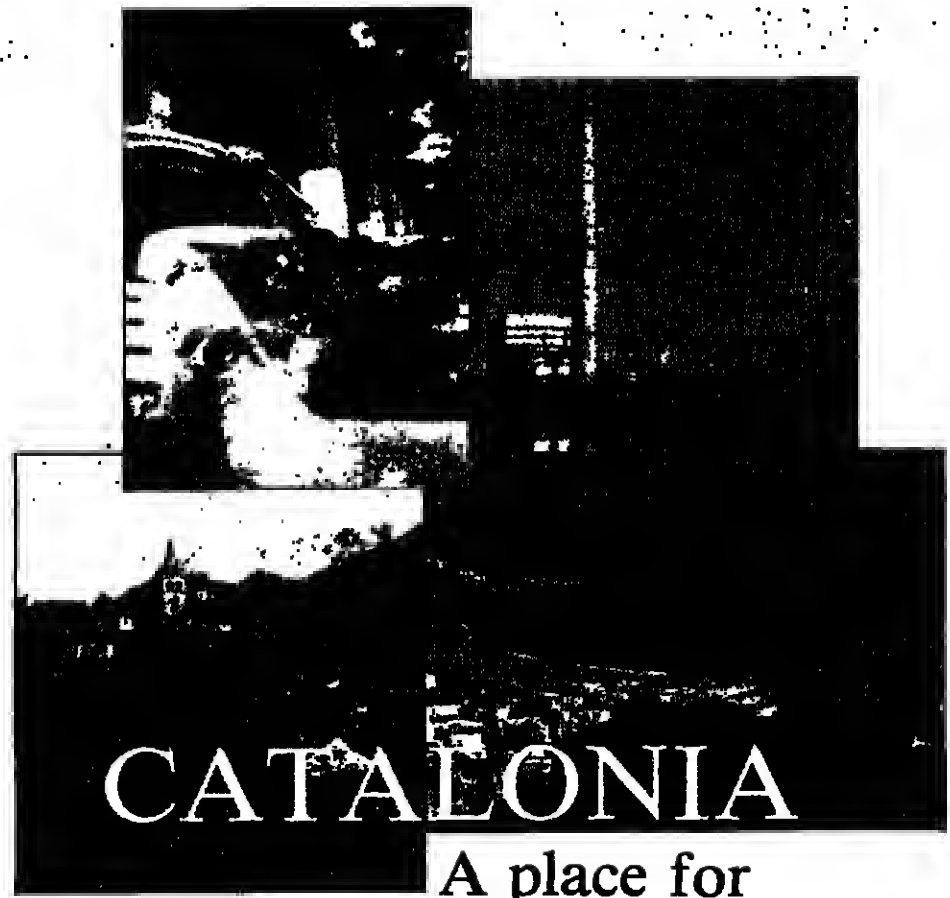
For the past four years, Catalonia's economy has grown by an average 5.6 percent, higher than the 5 percent average for all of Spain.

Between 1984 and 1988, Catalonia attracted \$3 billion of foreign investment. The Japanese are concentrating all their Spanish investment in Catalonia, apart from brokerage houses and representative offices of banks, which are in Madrid.

Catalonia has an almost gold rush atmosphere, exemplified by soaring house prices — on average, apartments in the metropolitan area of Barcelona have doubled in the last four years — rampant consumerism and huge traffic jams on Friday and Sunday evenings as

Continued on page 10

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Catalonia: Looking to Europe / A Special Report

For Barcelona, '92 Is a Case of Olympic Fever

By Barbara Bell

BARCELONA — The countdown is on in Barcelona. Although the date is still more than three years distant, it sometimes seems that everyone in this Mediterranean metropolis is obsessed with July 25, 1992, the opening of the Summer Games of the XXV Olympiad.

Every day, *La Vanguardia*, this city's major newspaper, notes the approaching event with the following formula: "Olympiad: days until the Barcelona Olympic Games — 1,151."

At a gigantic outdoor festival last October to celebrate the arrival of the Olympic flag in Barcelona from Seoul, a large clock began ticking off the seconds, starting with 119,631,600. The festival launched four years of an ambitious program of events called the Cultural Olympiad.

Stores along the Ramblas are beginning to stock T-shirts imprinted with "Barcelona '92" and the attractive red, yellow and blue logo with an athlete soaring over the Olympic rings.

Shops also carry T-shirts, key chains and doll-sized figures with suction cups of Cobi, the controversial mascot of the Games who is supposed to be a dog but to many looks more like a hairless cat.

"It's a dog," a spokesman for the Barcelona '92 Olympic Organizing Committee (COOB'92), said tersely, as if he had been asked the question too many times.

From all over Spain, 110,000 young people have volunteered to assist visitors to the Games and other Olympic events, and have begun training courses that include communications skills and first aid.

Construction projects for the Games steam ahead in the warm sun at the Olympic Ring atop Montjuich, between the main part of the city and the sea, where the Olympic Stadium with its 60-year-old facade and brand-new interior will be inaugurated Sept. 8. The work is progressing at varying speeds elsewhere in Barcelona, where 80 percent of the events are to be held within a five-kilometer

square area, and at other sites in Catalonia.

Following the master plan for Olympic preparations, 97 percent of the goals for 1988 were met, say organizers, adding that 70 percent of the sports installations to be used in 1992 existed before Barcelona won the Games.

Debate rages here over municipal improvement projects more to the image of the capital of Catalonia hopes to convey to visitors and television audiences around the world during the Olympics than to athletic events.

Expansion of the city's El Prat Airport, construction of 13 new hotels, and the extension of the Barcelona subway are some of the topics that have provoked ardent speeches by Mayor Pasqual Maragall, who heads the Barcelona '92 Olympic Organizing Committee, and controversy among the residents this spring.

"As usual around here, they'll wind up doing everything in the last two or three days," a Barcelona taxi driver grumbled.

Even the ordinary unpleasantness of life in a big city gets whisked under an Olympic magnifying glass here. When maintenance workers went on strike recently, newspapers ran photos of airport halls littered with crumpled papers and cigarette butts under the headline: "Is this the Olympic image Barcelona wants the world to see?"

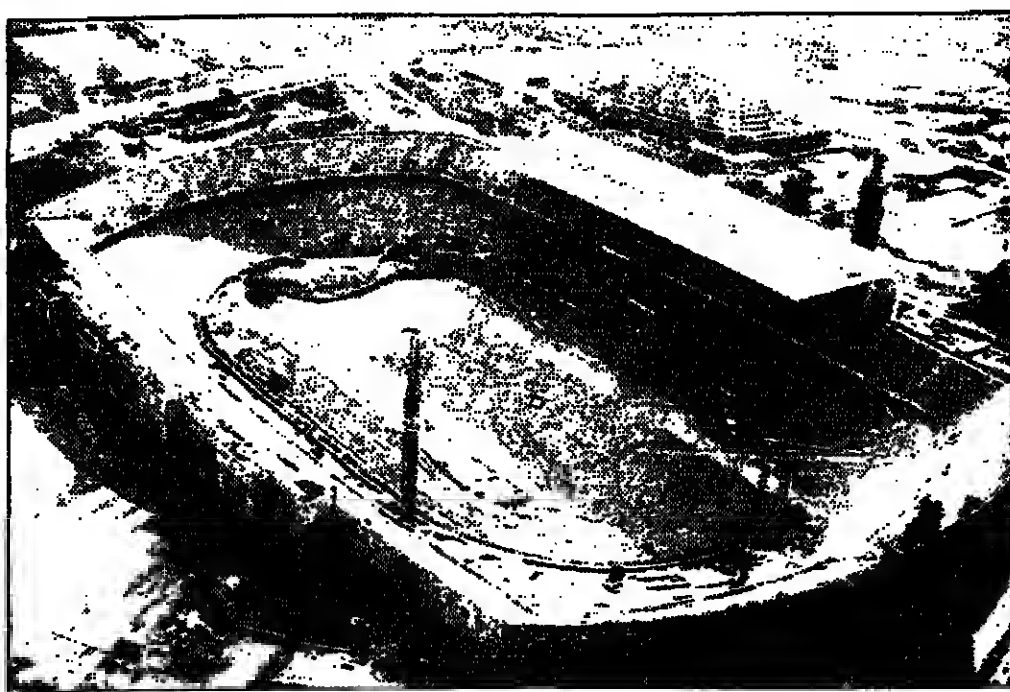
Similar soul-searching followed traffic chaos caused by strikes of bus and subway workers.

"You can trust us, Spain," Mr. Maragall said of his city's staging of the Olympics. "We will not let you down."

Barcelona's strong commitment to successful Olympic Games may well be related to the persistence its citizens have shown in seeking the Olympics.

Parents, grandparents and even great-grandparents of some of the current teen-age volunteers supported unsuccessful bids by Barcelona for the Games of 1924, 1936 and 1972, so several generations flooded the streets to celebrate together when their city was finally named host of the 1992 Games on Oct. 17, 1986.

Montjuich Olympic Stadium.



Barcelona readies its stadium for the '92 Olympic events.

where opening and closing ceremonies and athletics competitions will be held, will be the heart of the Barcelona Olympics. Designed by a Catalan architect for an International Exhibition in 1929, the stadium was inaugurated by King Alfonso XIII, grandfather of the present King Juan Carlos. Largely for sentimental reasons, the original facade was preserved while the stadium's interior was demolished and completely rebuilt, with the ground level lowered to increase capacity from 50,000 to about 60,000 seats.

"In Barcelona, we like to salvage things, to recover them and reuse them creatively," said Alfred Bosch, communications director of the Cultural Olympiad, one of the most visible and innovative aspects so far of the Barcelona Olympics.

Other Olympic cities have held arts festivals concurrently with

athletic events with "some theater, some dance," Mr. Bosch said. But only in Barcelona has anyone attempted to stage a full-blown four-year Cultural Olympiad combining performances, exhibitions, international cultural prizes and educational activities.

"We asked ourselves what Barcelona could offer the international community that was unique," Mr. Bosch said. "It is not as big financially or technologically as some places. But we realized that while cities like Paris encourage cultural consumption, we here encourage creativity and invention."

Each year of the Olympiad has a different theme. 1992 will be the Year of the Games and 1991 the Year of the Future.

The highlight of the Olympic Gateway year, 1988, was a splashy outdoor festival mixing opera

with pop music stars such as Jerry Lee Lewis and Freddie Mercury against a backdrop of fountains and fireworks.

This year is the Year of Culture and Sport. Until July 23, the Cultural Olympiad is staging a multimedia show called "Planeta Sport" at the Born, a spacious old former market near the Barcelona waterfront.

Along with displays of sports equipment, videos, athletes playing exhibition games, photographs, and a giant screen showing sporting events taking place live around the world, visitors get a chance to test their own sporting performances in running, high jumping, karate and other disciplines against those of big names in sports.

BARBARA BELL is a journalist based in Paris.

Region Broadens Horizons

Continued from page 9

people head out of Barcelona for the coast.

Searching for an apartment, particularly in the city of Barcelona, excluding outlying districts, is no joke. According to one newspaper story, a Catalan building a home for 26 million pesetas (\$230,000) was recently offered 30 million pesetas. As he had only spent 10 million pesetas, he stood to make 20 million pesetas overnight.

Pasqual Maragall, Barcelona's Socialist mayor, claims that house prices on average are the same level in real terms as they were in 1974.

What has happened, mirroring to some extent Catalonia's economy in general, is that house prices have shot up in the last three years after not increasing, or even declining, for a decade during Catalonia's prolonged recession.

The economy touched bottom in 1986 when officially recorded unemployment hit 21 percent, one of the highest rates of all the Spanish regions. The 1979 oil crisis produced a shakeout in Catalonia's industries, particularly in textiles, which were the backbone of the economy.

The Generalitat, the Madrid government and the Barcelona Municipal Hall are working on plans to extend Catalonia's business influence into France and Italy. Both institutions see Barcelona as the natural capital of an area extending 300 kilometers that would take in Toulouse and Marseille and stretch to Milan.

Catalonia is a good example of pragmatic post-Franco Spain working for the general good. However, there are signs now that the political differences between the rightist Generalitat and the Socialist Municipal Hall in Barcelona are coming to a head. There are municipal elections in 1991, and Mr. Pujol's Convergence Par-

ty is keen to eject the Socialists from the Barcelona Municipal Hall, the bastion of their support in Catalonia.

The Generalitat refused this month to back the Municipal Hall's plans for building several much-needed hotels in Barcelona. While the Socialists may have rushed into the plan, and the reclassification of the land for the hotels has raised legal questions, the Generalitat's opposition seemed more politically motivated than anything else.

"Pujol is out to get Maragall," said Jordi Solé Tura, an independ-

Consumerism and traffic jams contribute to an almost gold rush atmosphere.

deal are conspicuous consumer items.

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ent Socialist Catalan deputy and a senator in the national parliament.

Mr. Solé Tura, one of the fathers of the 1978 Spanish constitution and a leading political commentator, believes that Mr. Pujol's nationalistic political project has reached its limit.

Logically, the next step in the process of autonomy — there are 17 regions in Spain — would be for the country to establish a form of federalism, Mr. Solé Tura said. But Mr. Pujol is against the idea because it would deprive him of the convenient scapegoat of "the outside enemy" — Madrid — when problems arise.

WILLIAM CHISLETT is a Madrid-based journalist.

Cava Joins an Elite: Moët to Bottle Its Own Version

By Al Goodman

SAN SADURNI DE NOYA, Spain — First came Champagne. Then came its Spanish cousin, the sparkling wine Cava. And now the once brash Cava has proven so successful that the French have decided to come to Spain to make their own Cava.

Moët et Chandon, the Epernay Champagne firm, is planning to produce a total of 300,000 bottles of Cava next year from its own vineyards in Spain. The company has bought up 124 hectares (300 acres) of land in the heart of Cava country near Barcelona since last year, said Maria Jose Urquiza, the spokeswoman of Afercons SA, the Barcelona drinks importer that is a partner in Moët et Chandon's joint venture in Spain.

Eventually, Moët et Chandon hopes to be producing 2.4 million bottles a year from its Spanish vineyards. The company already has winery holdings in California, Brazil, Argentina, West Germany and Australia.

At least one other French Champagne firm has also reportedly been looking at the Cava region for potential expansion. The arrival of Moët et Chandon is the

latest vote of confidence for the Cava business, which last year produced almost 139 million bottles of sparkling wine, a 7 percent increase over the previous year.

Cava production has increased 83 percent in the past 10 years and exports have skyrocketed 700 percent, to 47 million bottles shipped to 80 nations in 1988, according to the Spanish government's Cava Regulatory Commission in Vilafra de Penedes.

"We think the Cava industry is in good health with a promising future," said Francisco González, a commission official. "But when you are producing such great volumes, you have to be on guard constantly for changes in the global market."

About 99 percent of Cava is produced in the Catalonia region. The Cava capital is San Sadurni de Noya, 36 kilometers (22 miles) west of Barcelona, where 66 Spanish firms make the sparkling wine in the traditional Champagne method involving two fermentations. Cavas typically are a blend of three main grapes, the Macabeo, Parellada and Xarello.

The Cava leaders are Freixenet and Codorniu, both family-owned businesses that have become multinationals in re-

cent years, with holdings in several companies that make sparkling and still wines.

Competition between the two is heated. The Freixenet group listed 1988 sales of 25,000 million pesetas (\$214.6 million), while the Codorniu group reported an identical sales figure for the year ending July 1988. Freixenet dominates in exports, while Codorniu is the acknowledged leader within Spain.

Less than a fifth of the market remains for the other 200 Cava makers, according to industry reports. Freixenet has been the most aggressive internationally. It owns the Champagne house Henri Abelat in Reims and sparkling wineries in California and Mexico, and it is negotiating a joint venture to produce sparkling wine in China, according to Manuel Duran, deputy president of Freixenet.

Codorniu plans to build a sparkling winery on its vineyard land in California and has a Mexican winery that produces sparkling wine under license, said Dolores Sanvicens, Codorniu's international communications director.

But the sparkling wine can be called Cava only if it is produced in Spain's

government-supervised Cava district, just as a Champagne must come from that region in France. Many Cava makers for years have used the term "methode Champenoise" on their bottle labels. This practice must stop by 1994 under an agreement that Spain made when joining the European Community in 1986.

Although Cava, which is the Catalan word for wine cellar, can trace its origins to 1872, it really started to gain widespread international attention during the late 1970s as exports increased, Mr. Duran said.

"We don't pretend to compare ourselves with Champagne or California sparkling wine," Mr. Duran added. "Each has its own personality. There are various markets and various preferences. One is not better or worse."

Wine critics differ on the latter point. Most agree that premium Cava, ranked with the world's best sparkling wines, but the respected British wine critic Hugh Johnson has written that Cava has trouble matching the "vigor of flavor" found in Champagne.

After the initial shock that Moët et Chandon would begin producing its own Cava next year, several Spanish Cava

executives now say that the entry of the French firm should further boost Cava's image.

The pace of growth in the Cava industry may slow in the coming years, yet there is still plenty of room for expansion, said Mr. González of the Cava Regulatory Commission.

About 22,000 hectares of vineyards currently are used for making Cava, but an additional 14,000 could be converted or planted for Cava use, Mr. González added.

Champagne is still the world's leader of sparkling wine, with a production of 224 million bottles in 1988, according to Brigitte Balonnet of the Comité Interprofessionnel du Vin de Champagne, the Champagne winegrowers' association in Epernay.

Champagne's biggest export markets last year were Britain (20 million bottles) and the United States (14 million). Cava's biggest export markets in 1988 were the United States (21 million bottles) and West Germany (8 million).

AL GOODMAN reports from Spain for *The Wine Spectator* of San Francisco.

Discovering Inland Charms

Continued from page 9

cano, 11,500 years ago, recently enough that volcanologists do not classify it as truly extinct.

The Garrotxa park contains some 30 volcanic cones. Lush woodlands, mainly composed of evergreen and oak, have helped to preserve them and their craters from erosion. The park is also noted for its wide range of wildlife.

The village of Besalu, on the road to the park, is remarkable for its Romanesque architecture, Jewish baths and high, 12th-century fortified bridge.

Castellfollit de la Roca perches on a geological exhibit: a crag of basaltic rock 296 meters (970 feet) high.

Olot has two major points of interest for visitors: a museum displaying work by artists of the 19th-century Olot School of landscape painting, inspired by the Garrotxa region, and the pretty Casal dels Volcans, a museum and information center set in a green park focusing on the region's volcanoes.

One pleasant way to visit the volcanoes and the tranquil beech woods of Jordà is by horse-drawn wagon. Trips last an hour and begin between Olot and the attractive medieval village of Santa Pau.

The classic postcard view of "Girona," as it is usually written and pronounced in the Catalan language, shows a long row of picturesque houses painted blue, yellow and ochre, extending over the Onyar River and reflecting in the water, with laundry flapping from the balconies.

"Only the graceful gondolas are lacking in order to give the impression that one is really in Venice," says a local guidebook. That may be an exaggeration, but the view is charming from the small bridges, several of them for pedestrians only, that link the modern section of the city with the old part rising on a hillside.

Girona's monuments include the former Collegiate Church of Sant Feliu and the Romanesque church of Sant Pere Galligans, which now houses the provincial archeological museum with a col-

lection of medieval Jewish tombstones said to be the world's largest.

The Historical Museum's displays normally include musical instruments and photos relating to the *sardana*, the traditional Catalan dance. Through September, however, it boasts a stunning temporary exhibition of treasures from the Museum of Art of Catalonia in Barcelona.

Built from the 11th to 14th centuries, Girona's cathedral is dark and spacious. Its rich Treasury Museum holds a copy dated 975 of Beatus's Commentary on the Apocalypse and a beautiful Tapestry of the Creation, embroidered in about 1100. Its Romanesque cloister is a marvel.

By the 13th century, Girona had become home to a prosperous Jewish community and the labyrinthine streets of the Call, or Jewish quarter, give a glimpse of another age. Isaac el Cec, once the spiritual center of the Call, is now a museum of the history of Jews in Girona; under a fig tree on the patio with café tables, concerts are performed in summer.



The medieval tower of Pals adorns the Costa Brava.

Strength of Recovery Surpasses Hopes

Continued from page 9

tional Chupa Chups, and the biotechnology enterprise Biotek.

Exports rose nearly 15 percent in current terms in 1988 to 1.09 billion pesetas, compared to a 11.7 percent rise for the whole of Spain, and imports jumped 22.8 percent to 2.12 billion pesetas, against 16.7 percent for the country.

The motor of economic growth is the construction sector, whose activity increased 116 percent in 1988, and is being fueled by the tourism boom and the need for homes and projects related to the 1992 Olympic Games.

Such is the demand for new buildings and the shortage of skilled labor that officials at the Barcelona Municipal Hall wonder whether projects not directly related to the Olympics, such as new hotels, will be finished on time.

The Municipal Hall is putting out the word that foreign companies may be needed. However, there is an element of pressure behind this scaremongering that is aimed at encouraging Spanish construction companies to present bids for public contracts. They have been loath to do so because they believe the system of budget adjustments is too rigid.

The shortage of skilled labor, particularly in

the construction sector, is a growing and serious problem.

"We have a surplus of untrained people, and little demand for them, and too few skilled workers but a tremendous need," says Pedro Puig, coordinator of the economics department of ESADE, one of Spain's best management schools which is in Barcelona.

The Generalitat, the government of Catalonia, started a training program this year for construction workers.

One developer was horrified to discover on a Monday morning that his entire workforce building apartments for tourists had disappeared. They had been hired en masse over the weekend at \$800 more a month by a rival developer constructing a hotel.

Political squabbling between the conservative Generalitat and the socialist-run Municipal Hall has not prevented the two sides from establishing a pragmatic relationship over the economy.

This is best seen in operation at the technological park, known locally as "Silicon Valles," which focuses on new ventures in the fields of microelectronics, biotechnology, chemicals, telecommunications and new materials.

The park has attracted Honeywell Bull and Hispano Olivetti among other companies, and all the land has been sold. Catalonia's techno-

logical and research institutes are working closely with some companies. This is something new in a country where the academic and business worlds have tended to live back to back.

In 1985, the Barcelona Municipal Hall set up a company called Iniciatives SA that, as its name suggests, takes the initiative in providing funds for projects that would have difficulty enlisting private backers.

Initiatives met with opposition from the Catalan employers' association, which thought the local government had no business mixing with the private sector. Its appeal against the company to the local courts was turned down. Most Catalan companies are small and medium-sized family-owned enterprises, and they are rising to the challenge of the 1992 single European market with some success, although analysts say that few of them really understand the implications.

There are two opposing forces at the moment: traditionalism and the need to finance growth," said Carlos Tusquets, the new chairman of Catalonia's *Crisol de Economia*, an influential group composed mainly of businessmen. The most practical way for family-run companies to finance expansion is by going public, he said, but there is strong resistance. This is a pending challenge.

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Catalonia: Looking to Europe / A Special Report

Designs Get Toehold In Tough EC Market

By Janet Haken

BARCELONA — The Spanish government takes the fashion business seriously. In 1984 the Ministry of Industry and Energy conceived a plan for the promotion of design and fashion, advertising "made in Spain" both at home and abroad and supporting young, innovative designers in their quest for recognition in a highly competitive industry.

At the end of last year, it was decided to extend the program for four more years, emphasizing cooperation between designers and manufacturers, so that they might become technologically more sophisticated and more flexible in reacting to changing fashion trends, and therefore more competitive in foreign markets.

Catalonia takes up just over 6 percent of Spain's land mass, yet the region boasts more than 25 percent of all Spain's clothing manufacturers, and 42 percent of those with annual turnovers exceeding 100 million pesetas (about \$796,000).

Imports continue to flood into the country, however, at a greater rate than goods are going out.

According to the latest figures issued by the Ministry of Economy and Finance for the period January-November 1988, textile imports rose less than 2 percent to 264,611 million pesetas, while imports grew more than 15 percent to 329,696 pesetas, a 20 percent shortfall, with women's clothing showing a 43 percent deficit for the period. The main sources of imports, according to the Clothing Industries Guild of Barcelona, are the European Community (51 percent), particularly West Germany and Portugal, and the Far East (35 percent).

But increasingly, Catalan designers are doing their best to make their mark at home as well as abroad, despite a strong peseta that is inhibiting the incentive to buy Spanish.

After the death of Franco in 1975, the fashion industry, as well as Catalonia's language and culture, took on new life. Fashion became the "in" industry. Talented Spaniards returned from their refuges abroad to set up design schools or their own studios, or to rejoin their family businesses, employing techniques acquired abroad, bringing with them a sorely needed injection of new ideas in manufacturing and design.

One successful young Catalan designer of trendy women's fashions, 30-year-old Jordi Cuesta, systematically traveled in the United States, England and Japan to study marketing methods, then returned to Barcelona, his hometown, where he presented his first collection at the age of 23.

David Valls, who grew up in the fashion manufacturing business at his family's factory, Punto Blanco, in Igualada, has parlayed his knowledge into a line of men's knitwear now produced there.



Roser Marcé adds a dash of humor to her modern designs with career-oriented young people in mind; design at left by Maria Luisa Rabell.

Mr. Valls takes a relaxed, romantic approach to styling that reflects his attitude toward nature and his love for the Catalan countryside.

"I do not seek to imitate my fellow designers, but rather to promote a look that evokes peace and *pueblo* (village) life," he said.

Nearly all the towns of Catalonia are involved in textiles in one way or another, but the most important are clustered around Barcelona — Tarrasa, Sabadell, Igualada, Manresa — which produce fabrics, garments and leather goods.

Roser Marcé, who designs men's and women's collections and men's underwear has worked from her own factory since the beginning of her career. She believes that by combining design and manufacturing she has more control over quality and the freedom to experiment and innovate.

"I see fashion as a means of expression," Ms. Marcé said, "and my aficionados are dynamic, career-oriented young people with a lot of humor. Supervising my own production means a strict control on what comes out at the end, both in terms of quality and creativity."

In Barcelona's boutique-lined Rambles Catalonia, its El Boulevard Ross and Avenida shopping galleries, or the up-market shops of Turo-Park and Pedralbes, the names of Catalan and Spanish designers mingle with those representing the best in French and Italian fashion. In addition to Mr. Cuesta and Ms. Marcé, the labels of Maria Luisa Rabell, Antonio Miro, Joaquim Verdu and Teresa Bigorra, Jose Tomas and Pedro Morago also appear.

The collections of the best Catalan and other Spanish designers, plus an ever increasing number of Italian lines, are shown twice a year in Barcelona, usually in the Alfonso XIII Palace within the Montjuich exhibition center. The Gaudi Hombres trade fair, showing the latest men's wear collections, takes place in January and July and the women's wear counterpart, the Gaudi Mues, exhibits in February and September. Designers show their lines at the fair by invitation only.

Most of the Spain's up-and-coming designers also exhibit at the major salons in Paris, Milan, Düsseldorf and London, establishing permanent showrooms in those cities, and sell to the world's most prestigious department stores — Galeries La-

fayette, Harrod's, Bloomingdale's, to name a few.

As the Spanish fashion industry continues to grow, unfortunately so have clandestine operations that represent an estimated 40 percent of the total production and an annual turnover of 300,000 million pesetas. This huge alternative industry, which turns out merchandise of inferior quality or counterfeit designs of well-known brands, involves about 10,000 companies.

Recently, the government and the industry have increased their efforts to tackle the problem from a public awareness point of view and to prosecute those companies or individuals that are implicated.

The Spanish subsidiary of the U.S. jeans giant Levi Strauss & Co. with headquarters in Barcelona and a manufacturing facility in Gerona, reckon that, together with a department especially set up to detect counterfeiters and the collaboration of the Fiscal Vigilance Service of the Guardia Civil, they are able to confiscate more than 100,000 garments a year with a value of over 450 million pesetas.

JANET HAKEN is a fashion consultant based in Spain.

Forbidden in the Franco Era, Catalan Makes a Comeback

By Barbara Bell

BARCELONA — There comes a moment of confusion for travelers arriving in Catalonia for the first time in years, and it's all the more baffling for those fluent in European languages, including Spanish.

It might be the sign in a taxi window that reads in large letters: *LLIBRE*.

Or the museum door clearly marked *Tancat els Dilluns*.

Or opening a restaurant menu to find items like *esqueu de xai* or *amanida* or *truita a la paisana* (no, not a fish), or turning on the television news and hardly understanding a word.

The linguistic confusion can begin even before arrival, with a phone call to reserve a hotel room in Barcelona. *Bon dia*, the operator answers, instead of the expected *Buenos dias*.

(Translations of the above: *Llibre* means free; *tancat els Dilluns* means closed on Mondays; *esqueu de xai*, leg of lamb; *amanida*, salad; *truita a la paisana*, omelet with vegetables.)

What is going on here?

The Catalonian people are again speaking Catalan, the Romance language related to *Lengua d'Oc* and Provençal that they and their ancestors have spoken except during periods of political repression since the collapse of the Roman Empire.

An estimated six million to six and a half million people speak Catalan today, making it the largest non-national language of the European Community, said Jordi Bañeres of the Catalan Sociolinguistic Institute here recently.

"That's more than the number of people who speak Danish or Norwegian," Catalan speakers are fond of pointing out.

The use of the language extends beyond Catalonia (an estimated 50 percent of the people of Valencia can speak it, and 71 percent of those on the Balearic Islands), but Catalan is strongest here, spoken by 64 percent of the 6 million inhabitants of the autonomous region and understood by 90.3 percent of them.

They use it in schools and bookstores, on highway signs, billboards, restaurant menus and television, in newspapers and movies, singing and shouting and telling jokes in Catalan after the hard years of the Franco dictatorship when speaking the language in public was strictly prohibited.

Behind the joy lies painful memories.

"I saw it at the end of the Civil War, in 1939, as a small child, the Falangists shaved people's heads and forced them to drink castor oil for daring to speak Catalan in public," said a man of about 60.

A woman a little older recalled the humiliation of being ordered by a government civil servant not to "bark" at him by speaking Catalan but to address him in Spanish.

The change in the status of Catalan since the death of Francisco Franco in 1975 has been dramatic.

At the Olympic Games to be hosted by Barcelona and other sites in Catalonia in 1992, it will be one of four official languages, along with Spanish, English and French.

"There was no question about it. French and English are the official Olympic languages, and Catalonia is bilingual," explained an organizer for the Olympics.

Catalan and Spanish are both official languages in Catalonia, recognized as such by the Spanish government in Madrid and the autonomous government of Catalonia, the Generalitat de Catalunya, which actively promotes the use and the teaching of Catalan.

Largely due to its efforts, the number of Catalan residents understanding Catalan rose 10.5 percent in a mere five years between 1981 and 1986.

The Spanish constitution of 1978 states that all citizens must know Castilian Spanish and have the right to use it and that the other Spanish languages will be official, alongside Castilian, within their geographical territories, in accordance with each Statute of Autonomy.

The Statute of Autonomy of Catalonia, approved by the Spanish parliament in 1979, recognized Catalan as Catalonia's own language and declared it official alongside Castilian Spanish.

An estimated six million to six and a half million people speak Catalan today.

With the Language Normalization Law of 1983, the Catalan parliament declared Catalan the usual language of local administration and that of the Generalitat, and also of the educational system.

It also guaranteed the rights of citizens to use Castilian Spanish and to be addressed in Spanish by administrative authorities on demand.

Schooling takes place in both languages throughout Catalonia, with all students required to be able to use both Catalan and Spanish correctly when they complete their education. University professors are allowed to teach in either language. Increasingly, they choose Catalan.

"There's a lot of compromise going on," said Mr. Bañeres. "Luckily, there's a tradition of compromise here."

Catalanians slip from one language to another without missing a beat around a dinner table, especially if there are non-Catalan speakers present.

Major newspapers like *Avui* (Today) and the *Diari de Barcelona* publish exclusively in Catalan. *La Vanguardia* of Barcelona is printed mainly in Spanish, with cultural news sometimes written in Catalan.

In Gerona, where more than 90 percent of the province's 500,000 inhabitants understand Catalan, *Punt Diari* publishes only in that language. *Diari de Girona*, published exclusively in Spanish until eight or nine years ago, mixes the two throughout the paper, even on a single page.

Linguistic flexibility becomes a habit even for visitors to Catalonia, especially outside big cities.

One restaurant may proffer a menu in six languages, while a similar establishment next door produces a menu in Catalan only.

Asked for a version in Spanish, the waiter smiles and shakes his head.

"Señora," he says, in fluent Castilian Spanish, "when you go to London you are not surprised that the menu is written only in English." And then, obligingly, he begins to translate aloud every item on the menu.

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ARTS / LEISURE

The Seven-League Boots of the Ferragamo Family

International Herald Tribune

FLORENCE — At the heart of Palazzo Feroni-Spini is a tiny private chapel — all plaster angels and chubby cherubs clustering round the elaborate altar. History does not record whether Salvatore Ferragamo, the self-styled "shoe-maker of dreams" prayed there — for relief from wartime bankruptcy, for a reprise of his earlier fame and fortune in Hollywood, for creative inspiration or for his young family.

Fifty years after Salvatore bought the historic palazzo, the Ferragamo family — its matriarch Wanda and all six children — have made the company successful be-

SUZY MENKES

yond its founder's boundless imagination. When he died in 1960, 200 pairs of elegant, hand-crafted shoes were produced each day. Now 5,000 pairs daily spin off the production line to Europe, the United States and Asia. New products from bags and purses to scarves, ties and clothes put the whole world of fashion at the family's feet.

"I wonder what daddy would think of his company after 29 years," says Ferruccio Ferragamo, the eldest son and chief executive officer. "He laid a very good foundation. I was 14 when my father died, and I knew him as a father — not as a businessman. He was very creative and people then were very receptive to fancy styles. We have increased turnover 200-300 times. Overall I think he would be delighted."

Salvatore would receive personally his glamorous clients: silhouettes (with his newly-invented steel shank) for a sultry young Sophia Loren; two-tone summer shoes for the "small and charming" Duchess of Windsor; 70 pairs of hand-made shoes for the reclusive Greta Garbo.

Today, Renaissance tapestries still form the backdrop to the empire that is now spreading to the Far East. Men's shoes — a fast-growing line — glow not brown against dark oak furniture. The animals printed on silk squares cavort below frescoed ceilings. Executive-set attaché cases are piled against deep windows that look out on warm stone buildings and the glistening Arno River.

But this cozy image of ancient history, art and craft is an illusion. For behind it is a family toughing it out in the luxury market — while trying to keep the heart and sole of a family shoe business. That means maintaining high quality and made-to-order comfort in the shoes that still form more 50 percent of



The Ferragamos (from left): Fulvia, Wanda, Leonardo, Fiamma, Massimo, Giovanna, cousin Jerry and Ferruccio; top right, swing coat from the 1989-90 collection; bottom right, founder Salvatore's 1938 wedge sandal.

the annual turnover — estimated to increase 30 percent to \$140 million for 1989. At the same time, the company is developing a much broader product range and adding to its 18 Ferragamo stores, across Italy, in London, Zurich, New York and Palm Beach. In the Pacific rim, there are now boutiques in Tokyo, Korea, Hong Kong, Singapore and Malaysia, with more destined for Taiwan, the Philippines and Honolulu.

"I was the repository of my husband's dreams," says Wanda Ferragamo, a sprightly 67. "He wanted the Ferragamo shoe industry to become a house with other products. And he also wanted all his children working in the company."

Other luxury labels (notably the feeding Guccis) have suffered from the family connection. Wanda Ferragamo's policy has been to divide and rule: Each child is given a fiefdom and in-laws are outlawed. "There will be no family feud," she says. "My six children each have an equal one-sixth of the shares. Justice is the great thing and it starts with their treatment."

In fact, the system is patriarchal. Although Wanda (who could not even read a bank statement when her husband died) is chairman, the "girls" are given the so-called creative roles, while the three sons look after the business, with Leonardo in charge of menswear and the buoyant international markets, Massimo heading up the American division and Ferruccio, who took over the entire financial administration and business planning in 1983, as overall boss.

The shoe business is run by Fiamma, the Marchesa di San Giuliano, whose earliest memories are of playing and then ultimately working in her father's studio. She is conscious of keeping alive Salvatore's "crusade for comfort," which came from studying the foot's anatomy and understanding the need to support the arch on which the body's weight falls. Today, high technology and the latest of cousin Jerry Ferragamo recreate the technique of a man who saw "so many feet... passing through my hands, talking to me."

"We have never disappointed

our customers who expect quality and fit," says Fiamma. "My father's reputation was in good-fitting shoes that lasted well and looked good. When I started, I didn't have a feel for the shoes. But my father was great in transmitting his passion and love."

The Ferragamo shoes today are thoroughbred — the flat pumps

office proclaim Margaret Thatcher and Nancy Reagan as grateful wearers.

There seems little here of the unbridled desire that made Mussolini's mistress amass Ferragamo's shoes until 50 pairs were waiting pickup at the Palazzo Feroni when she was killed. Passion can be read into Salvatore's more fanciful cre-

ations kept in an archive display — the platform soles stacked up on layers of vibrant suede, or sandals twisted out of candy-wrappers in the lean war years.

Wanda Ferragamo's current dream is to make a museum of shoes in the basement of the palazzo, where Dante and Beatrice supposedly once met over the well, and where a tawdry night club is now in situ.

The image of the new Ferragamo lines has been developed from the quality, luxury and good taste of the current shoe range (which sell so successfully from \$150 to \$275 a pair, that Ferragamo is the top selling account in Neiman-Marcus, and is a top seller at Saks stores, I. Magnin and Nordstrom).

Fulvia, who is in charge of scarves, printed silks and the very successful men's tie line takes her inspiration from nature — animals, and flowers, with a hint of the exotic. She lives with her husband and family in Milan, and is therefore slightly apart from the family unit.

Fashion is done by the studio team under the control of Giovanna, who introduced the first ready-to-wear line at the age of 18, shortly after her father's death. The stylist Angelo Tarlazzi was a recent former adviser. Now the studio headed by Steven Slowick, an American who formerly worked with Calvin Klein. Fine quality coats, knitwear and sportswear come in the same Florentine colors found in the bags and shoes.

The further the company moves away from feet, the less defined its image seems, except for an overall perception of luxury and good taste.

"Our product is based on quality and understated fashion," says Ferruccio. "It is never extreme and is very comfortable. Today the trend in the market is coming towards us."

The bottom line would seem to prove his point, although Ferragamo is perceived quite differently in its three major markets. In the United States, sales of ready-to-wear clothing are just 12 percent, with accessories at 21 percent and shoes a whopping 67 percent. In Europe, where the business is mainly in boutiques rather than department stores, the ratios are much more even: 32, 30 and 38. In the soaring Asian market, ready-to-wear already accounts for one-third of the business.

"The shoe business is so substantial that it will remain dominant," says David Salt, U.S.-based marketing director, who is spending six

months in Florence. "However fast the other businesses grow, they would have to have substantial increases to keep with the demand for shoes."

Predators are currently prowling the luxury market, which is becoming increasingly brand-led and competitive. Against that background, can Ferragamo stay as a discreet but powerful one-family business?

"We do feel very much a sense of family," says Ferruccio. "But we have nine outside directors. I believe in family business up to a level. After that it is important to have structure."

And do Florence's first fashion family ever fight?

"Oh yes," says Fiamma. "Not so much," says Giovanna. "Sometimes," says Fulvia. "Maybe we should fight a bit more because it's stimulating."

"We respect each other and we are fond of each other," says Wanda.

"My mother is very strong," says Ferruccio. "We sometimes fight — but in a nice way."

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THE PROGRAM

JUNE 14

ASIA/PACIFIC: POLITICAL PERSPECTIVES
Dr. Mohamed Noridin Sopha, Director General, Institute of Strategic International Studies, Malaysia

ASIA/PACIFIC: FINANCIAL PERSPECTIVES
Allred F. Grove, Senior Vice President, Bank of America, Los Angeles

SUPPLY AND DEMAND: COMPETITION FOR MARKET SHARE IN THE 1990's
Moderator: Dr. Herman Franssen, Chief Advisor to the Minister of Petroleum and Minerals, Oman

Dennis O'Brien, Chief Economist, Caltex Petroleum Corporation, Dallas
Philip Verleger, Visiting Fellow, International Institute for International Economics, Washington D.C.

THE ENVIRONMENTAL CHALLENGE
Dr. Nay Htun, Director General, S.E. Asia, United Nations Environmental Program, Bangkok

OPEC IN THE 1990's
Dr. Faouzi J. Al-Chalabi, Deputy Secretary General, OPEC, Vienna

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Asia Pacific Refining Outlook and Singapore

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Dick van Hilten, Chairman and Chief Executive, Shell Companies, Singapore

The Role of a Refiner in the Asia-Pacific Region
Robert Reed III, President and CEO, Pacific Resources Inc., Hawaii

The Korean Refining Outlook
Dr. D.S. Hur, Executive Vice President, Honam Oil Refinery Co. Ltd., Seoul

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Japan's Petroleum Policy and its Impact on the Region

Yoshihiro Sakamoto, Director General, Petroleum Dept., MITI, Tokyo

De-Regulation and the Impact on Product Trade
Toyokazu Ikuta, President, Institute of Energy Economics, Tokyo

Refining and Import Policy
Kiyoshi Takahashi, Executive Vice President, Shell Showa Sekiyu KK, Tokyo

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Singapore Oil Futures Contract

Performance
Elizabeth Sam, Chairman, Singapore Monetary Exchange

Japan's Conventional and New Trading Opportunities
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Roger Osborne, Managing Director, Seapac Services Ltd., Hong Kong

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F. Abdou, President, Pertamina, Jakarta

Dr. Anant Arbhachirama, Governor of Petroleum Authority of Thailand, Bangkok
Chen Haorun, Executive Vice President, Sinochem, Beijing

Tan Sri Datuk Azizan, President, Petronas, Kuala Lumpur

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OUTLOOK FOR ASIA-PACIFIC PETROCHEMICAL INDUSTRY
Carl Steinbohm, Director, International Business Planning, Inc.

PETROCHEMICAL INDUSTRY PERSPECTIVES
United States:

James E. Filgo, Group Vice President, Chemical & Specialty Products, Amoco Chemical Company

Japan:
Takashi Toyoda, Managing Director, Mitsubishi Petrochemical Co., Ltd.

Singapore:
M. Yokosue, Managing Director, Petrochemical Corporation of Singapore

Malaysia:
Speaker to be announced

Thailand:
Pala Sookaewach, Deputy Governor for logistic and Refining, Petroleum Authority of Thailand

Taiwan:
Dr. Wenan P. Pan, Director, Corporate Planning, Chinese Petroleum Corporation

Indonesia:
*Mr. Kartiyoso, Division Head, Pertamina

PETROCHEMICAL STORAGE AND SHIPPING
Paul Dekker, Managing Director, Van Ommen Terminal (Singapore) Pte. Ltd.

*Invited

Chinese Musician: Fame After Dark Past

By Henry Kamm

New York Times Service

BUDAPEST — During the Chinese Cultural Revolution, En Shao, then 12, had a finger broken during a Red Guards rampage and was refused medical treatment because of his middle-class background. That ended any thought of a career as a pianist.

He turned to conducting, and last week En, 34, won the Budapest International Conductor's Competition.

"He showed musical insight and complete command of the orchestra and the strategic plan of the performance from beginning to end of each work," said Pavle Despalj, the chief conductor of the Zagreb Symphony and a member of the jury that judged the field of 53 competitors.

"He is technically so superior to the others, showed constant form throughout the competition and was very well prepared," Despalj continued. "There is no doubt of his remarkable musicality."

The Hungarian musical establishment paid En the highest compliment it can offer. In addition to the first prize awarded him by the international jury, it presented him with a special Béla Bartók Award for the excellence of his interpretation of two works by the pre-eminent national composer, whose essence, in the view of Hungarians, is rarely captured by foreign musicians.

En performed a movement from Bartók's Concerto for Orchestra in an early round and brought the

house down in the finals with an intense performance of the "Miraculous Mandarin" ballet score.

Many Hungarians, who followed the competition in the large Congress Hall and on national television, expressed amazement over how deeply he had penetrated into Bartók's highly nationalistic idiom. "He was so good in both Bartók works," said Despalj.

After a night of being honored and toasted and leading the Budapest Symphony in a gala performance of Brahms's Symphony No. 2, En recalled some of what his family had experienced during the Cultural Revolution.

"The Red Guards started at 6 in the morning to break my father's record collection and didn't finish until 4 in the afternoon," he said, in halting English that grew more fluent as he became emotionally engaged.

"It was the biggest collection in Tianjin," a large port city east of Beijing.

En listed the many conductors whose shellac recordings of the Beethoven Ninth his father owned. "He spent half of his salary every

month on records and books, and it filled half our house," he said.

The Red Guards also took away the piano, on which En began taking lessons from his mother at the age of 4, and most of the rest of the furniture.

The next band of Red Guards that raided the house was so infuriated at finding nothing to seize that it placed the boy atop a tall cabinet and ordered him not to cry while they humiliated and beat his parents before his eyes.

When he cried, the guards toppled the cabinet, and he broke a finger in the fall.

His mother, a teacher, and his father, an engineer, were sent into the countryside to work the land after she had been beaten by her pupils, had her head shaved and a bucket of paint poured over her.

In the village school, En found a piano and began to try composing. In 1972, En was allowed to return to Tianjin and worked for five years as practice accompanist for a folk-dance troupe.

"The very old man who was their conductor taught me Chinese music in public, but in his house he

taught me Western music with the records he had hidden," En recalled.

His teacher had suffered particularly at the hands of the Red Guards for having studied under Paul Hindemith at Yale University.

En's training stood him in good stead when the Beijing Conservatory reopened in 1977, and he was admitted, first as a composition student and a year later to take up conducting.

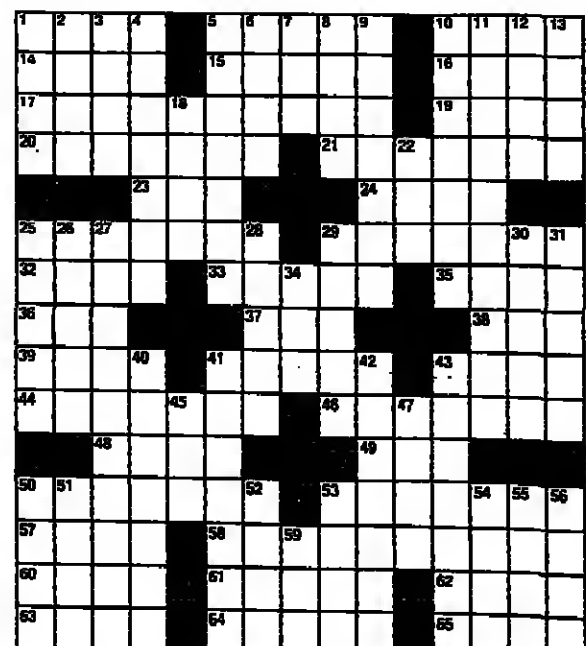
After graduation he was engaged as second conductor of the Beijing Radio Symphony Orchestra. In 1985, he was chosen to form the Chinese Youth Orchestra, with which he toured Western Europe in 1987.

Performing in Manchester, England, he drew the attention of a British businessman, who sponsored him for a three-year scholarship at the Royal Northern College of Music, which he is still attending.

His studies now will be interrupted as he fulfills the Hungarian engagements that were part of his prize and the Polish and Czechoslovak dates that he has been promised.

ACROSS

- 1 Bois de Boulogne, e.g.
- 5 Strike out
- 10 Poetry of a people
- 14 Conceal
- 15 Trunk, line
- 18 Soviet sea
- 17 Wilander and Agassi
- 19 Learning method
- 20 Moderately slow, to Mozart
- 21 In a high tax bracket
- 23 Fi ratigieuse
- 24 Elope
- 25 The Egyptians, to Aida
- 29 Stabs
- 32 Nimbus
- 33 Wales's prize
- 35 Action
- 36 Stary-eyed vow
- 37 Gai den State pro
- 38 Brazilian macaw
- 39 Barbecue fare
- 41 Jazz pianist
- 43 Fool mood
- 44 Strong wind
- 46 Taste sites
- 48 Persia, today
- 49 Limey
- 50 "Woman With the Hat" artist
- 53 Verbal attacks
- 57 Map segment
- 58 Lend visits Sing Sing?
- 60 Weather word
- 61 — orange
- 62 Redact
- 63 Wimbledon winner 1975
- 64 To the point
- 65 Silent O.K.'s



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Solution to Previous Puzzle

ABBE AMATI AGEE
BORA ROBIN PARK
CLARK GABLE PRIE
STEREO REPLAYED
INNS TALC
KAHNS POD CLOSE
APEX CARETS OHS
PAINS ORATE CPAS
ORR ANKLET HERRA
KAYES YES HARPY
FATE THAI
CLOSINGS ARROWS
AUNT JACKLEMMON
RIDE OSAKA AONE
TSAR YANKS NOTE

DOWN

- 1 Mideastern bread
- 2 South Yemen's capital
- 3 Split
- 4 Rummy game
- 5 Oriental
- 6 Hitchcock film: 1948
- 7 J.F.K. notice
- 8 Put aboard
- 9 Relaxing
- 10 Unlike otaries
- 11 Lutheran, e.g.
- 12 Solemn promise
- 13 Weaver's reed
- 18 Division word
- 23 Stalford's quail
- 25 Scottish tern
- 26 TV sound
- 27 Anglophile
- 28 Naval apparatus
- 29 Rise
- 30 Like "Psycho"
- 31 Garters' kin
- 34 Take odds
- 40 Lined
- 41 Sawbuck
- 42 Afternoon show
- 43 Crusader's toe
- 45 Possesses
- 47 Dieter's no-no
- 50 Call from a crib
- 51 Sale condition
- 52 Gaelic
- 53 License plates
- 54 Airhead
- 55 Gerani's lady
- 56 Heathrow visitors
- 58 Threne stroker

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Japanese Banks' Profits Soar

But Flatter Growth in Operating Results Could Persist

TOKYO—Japan's major banks announced Monday very sharp increases in earnings for the year ended March 31, and in several cases forecast continuing, but more restrained growth in the current year. Sales of securities offset flat or lower operating profits, analysts said. They pointed out that the same rising interest rates that shaved last year's operating profits—a more accurate measure of the banks' real business health—are likely to trim margins again in the current year.

"We've got a further stage in interest-rate deregulation coming, so obviously there is quite a lot of pressure on the funding side," said Simon Smithson, analyst at Kleinwort Benson International.

Nissan Profit Rises Sharply

On Additional Cost-Cutting

TOKYO—Nissan Motor Co., Japan's second-largest automaker, said Monday its group current profit soared 121 percent to 200.82 billion yen (\$1.42 billion) in the financial year ended March 31, from 90.87 billion yen in the previous year.

The company said group net profit climbed 77.7 percent to 114.63 billion yen from 64.52 billion.

Nissan officials said the gains reflected "continuous cost-cutting ac-

Fiat's Car Unit Posts 15% Rise In 1988 Profit

TURIN—Fiat Auto SpA, the car division of the Italian industrial giant, on Monday said its 1988 consolidated net profit rose by 15 percent to 1.76 trillion lire (\$1.24 billion). Fiat Auto said it sold 2.20 million cars during 1988, up 8 percent from the previous year. The company said it increased its share of the European market to 14.3 percent in 1987.

Analysts said the parent company, Fiat SpA, is expected to report a 20 percent rise in 1988 group net profit to about 2.7 trillion lire and to propose higher dividends when it announces its annual results on Tuesday.

They also said Italy's largest private industrial group may propose a share-buyback plan. Speculation on the Milan bourse about a possible share buyback boosted Fiat shares on Monday by 170 lire to 9,310 lire.

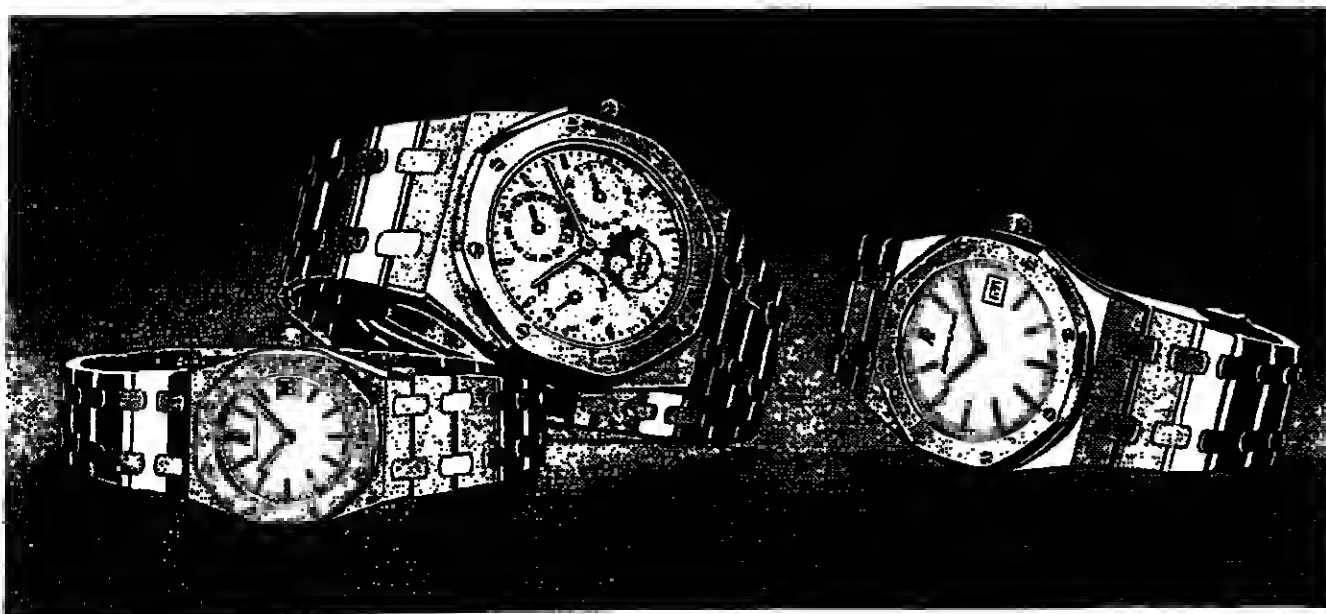
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Bouygues Sets \$6 Billion Bid For Libya Work

PARIS—Bouygues SA, said to be the world's biggest construction concern, said Monday it would lead a consortium of eight European companies in a bid for a \$6 billion Libyan irrigation project.

"It is the biggest construction project I have ever seen," said Francis Bouygues, the French company's chairman. He said the plan was to dig an artificial river to make some areas in Libya arable.

He said the consortium included the West German construction concern Bilfinger & Berger Bau AG, but he would not name other partners.

Mr. Bouygues, who has visited Libya several times to discuss the project with the country's leaders, said it would involve pumping water from wells 800 kilometers (490 miles) south of Tripoli to Libya's coastal regions.

Bouygues also said it earned 519 million francs (\$78.2 million) last year, on sales of 50.1 billion francs. It said it expected profit to rise 10 percent in 1989.

Brick & Pipe Approves Rival Takeover Bid

MELBOURNE—Brick & Pipe Industries Ltd., the Australian building-products concern, said Monday it has recommended that shareholders accept a rival 377 million Australian dollar (\$285 million) bid for the company, subject to the approval of its major shareholders.

Brick & Pipe said the 4-dollar-per-share offer by the Melbourne investor Ahe Goldberg should be accepted — in the absence of a higher offer — and that the 350-dollar-per-share bid by Industrial Equity Ltd. should be rejected.

Industrial Equity is a unit of Brierley Investments of New Zealand.

Brick & Pipe shares were suspended Monday following the announcement of the Goldberg bid. They were quoted at 3.65 dollars each just prior to the suspension.

The company said the Goldberg bid allows shareholders to retain the 10-cent-per-share interim dividend due on July 3 and thus amounts to 4.10 dollars per share, or 17 percent more than the Industrial Equity offer.

Mr. Goldberg said Monday that his Arnsberg Pty. had bought a 19.8 percent stake in Brick & Pipe in

DOLLAR: U.S. Currency Stages Powerful Rebound

(Continued from first finance page)

failed to give much of a lift to the mark with its most recent rate increase in April, would try so soon again.

"It is always the great 50-50 question, but I don't think they will try to move against this exaggeration in the market," said Peter Pletsch, an economist with Commerzbank.

Karl Otto Pöhl, the Bundesbank president, appeared to encourage such skepticism when he said in a weekend interview that he wanted to achieve stability in foreign-exchange rates by focusing on stable domestic prices.

West Germany reported last Friday that provisional inflation figures for May were unchanged from April. The German central bank has also had success this year in slowing down the growth of the money supply.

Some analysts saw a broader pattern of cooperation among the Group of Seven industrialized countries in the recent round of rate changes, but others suspected that each country is at the moment focusing on its own domestic problems.

The Group of Seven comprises the United States, Japan, West Germany, France, Canada and Italy.

Dealers said that Britain and Switzerland raised rates because of domestic problems and West Germany may well refuse to do so

Sumita: Rise Unjustifiable

TOKYO—The governor of the Bank of Japan, Satoshi Sumita, Monday described the U.S. dollar's strength as "unjustifiable" and said that the central bank would continue its dollar-selling intervention in concert with other central banks.

Mr. Sumita told a meeting of Japanese business leaders here that the dollar's continued rise against the yen would undermine Japan's efforts to stabilize domestic prices and hamper the process of correcting its huge external imbalances.

The dollar briefly hit 143 to the yen in early trading Monday on the Tokyo market, despite repeated central bank intervention.

On reports that Japan would raise its discount rate as early as Wednesday, Mr. Sumita said only that the central bank would take the necessary measures whenever the situation demanded.

"The current unstable exchange rate is harmful and the dollar's recent strength and is unjustifiable in terms of the fundamental economic strengths of Japan and the United States," he said.

Referring to the domestic economy, Mr. Sumita warned against mounting inflationary pressures caused by the short supply of manufactured goods and labor.

Sanofi Profit Increases 23%

PARIS—Sanofi, the French pharmaceuticals company, on Monday reported 1988 group net profit of 766 million francs (\$115.4 million), up 23 percent from 622 million a year earlier.

Sanofi also said it had founded a joint venture with Daiichi Sankyo Co. of Japan.

The joint venture in Japan will be 51 percent-owned by the French firm while the venture in Europe be 51 percent-owned by Daiichi Sankyo.

Nestlé Reaches Agreement For a Single Capital Issue

ZURICH—Nestlé SA said Monday that agreement had been reached with the Vevey registrar of companies, with whom a group of dissident stockholders had lodged protests, to proceed with a planned rights issue to raise some 800 million Swiss francs (\$465.8 million).

The giant Swiss food concern earlier said that changes in its by-laws and the rights issue, approved by the annual meeting, had been blocked because of action taken by the dissidents.

In a clarification on Monday, Nestlé said that there were two capital increases, and the dissident Convention d'actionnaires de Nestlé had now made clear it was not opposing the first, which carried the rights issue.

"The new shares resulting from it will be offered to the shareholders in the course of the next few days as decided by the general meeting," the statement added.

The dissidents, representing around 200 shareholders and 0.2 percent of Nestlé's share capital, have objected to a proposed second capital increase. This involves the creation of 171,650 registered and 3,350 bearer shares to be held in

Paris Commodities

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SUGAR					
Domestic	2,310	2,300	2,310	2,315	2,305
Domestic	2,310	2,300	2,310	2,315	2,305
Domestic	2,310	2,300	2,310	2,315	2,305
Domestic	2,310	2,300	2,310	2,315	2,305
Domestic	2,310	2,300	2,310	2,315	2,305
Domestic	2,310	2,300	2,310	2,315	2,305
Domestic	2,310	2,300	2,310	2,315	2,305
Domestic	2,310	2,300	2,310	2,315	2,305
Domestic	2,310	2,300	2,310	2,315	2,305

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NOTICE OF ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

Please take notice that the Annual General Assembly of Shareholders of Fidelity Australia Fund N.V. (the "Corporation") will take place at 10:00 a.m. at 16-A Pietermaai, Willemstad, Curacao, Netherlands Antilles, on June 20, 1989.

The following matters are on the agenda for this Meeting:

1. Approval of the report of the Management.
2. Election of the following persons as Managing Directors:
Edward C. Johnson 3d John M.S. Patton
William L. Byrnes Harry, G.A. Seggerman
Charles A. Fraser H.F. van den Hoven
Hisashi Kurokawa Corporate Trust N.V.
3. Approval of the financial statements of the Corporation for the fiscal year ended February 28, 1989.
4. Ratification of actions taken by the Managing Directors since the last Annual General Assembly of Shareholders.
5. Ratification of actions taken by the Investment Manager since the last Annual General Assembly of Shareholders.
6. Such other business as may properly come before the assembly.

Bearer shareholders may obtain a form of proxy and related documents from:

Fidelity International Limited Fidelity International (C.I.) Limited
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Holders of registered shares may vote by proxy mailing a form of proxy to the following address:

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c/o Corporate Trust N.V.
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Netherlands Antilles

Holders of bearer shares may vote by proxy by obtaining from the institutions listed above a form of proxy and certificate of deposit and receipt for bearer share certificates for their shares and mailing the proxy and certificate of deposit to the Corporation at the address set forth in the preceding paragraph.

Alternatively, holders of bearer shares wishing to exercise their rights personally at the assembly may deposit their shares, or a certificate of deposit therefor, with the Corporation at 16-A Pietermaai, Willemstad, Curacao, Netherlands Antilles, against receipt therefor, which receipt will entitle said bearer shareholders to exercise such rights.

All proxies (and certificates of deposit issued to bearer shareholders) must be received by the Corporation not later than 9:00 a.m. on June 20, 1989, in order to be used at the assembly.

Approval of all of the items of the agenda will require the affirmative vote of a majority of the votes cast at the Assembly.

Dated: May 29, 1989

By order of the Management
Charles T. M. Collis

FIDELITY BALANCED PORTFOLIO

Société d'Investissement à Capital Variable
Luxembourg, 5 Boulevard de la Foire
R.C. Luxembourg B 25.918

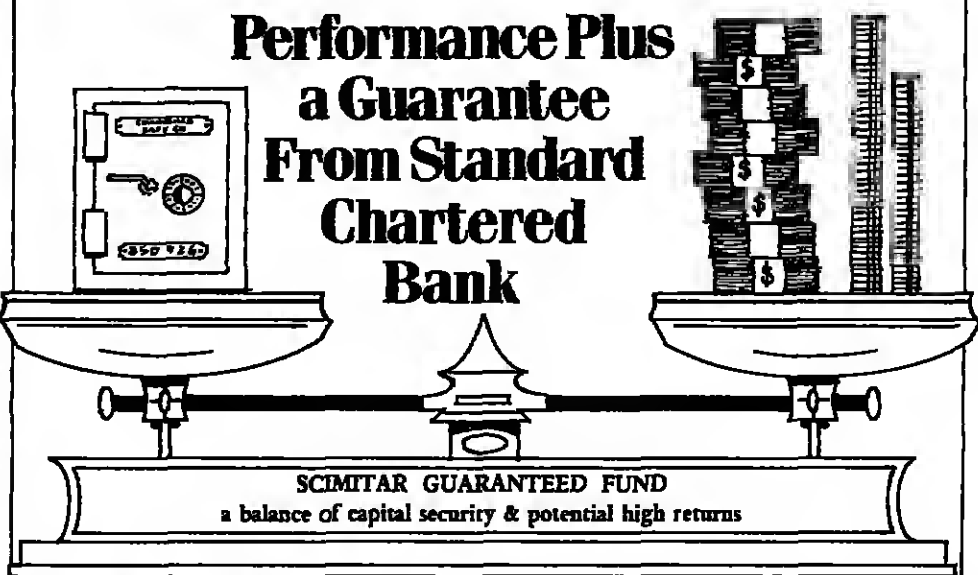
DIVIDEND NOTICE

At the Annual General Meeting held on May 25, 1989, it was decided to pay a dividend of U.S. \$0.10 (ten cents) per share on or after June 13, 1989 to shareholders of record on May 26, 1989 and to holders of bearer shares upon presentation of coupon No. 2.

Paying Agents: COMPAGNIE FIDUCIAIRE
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L-1528 LUXEMBOURG
KREDIETRANK S.A. Luxembourggoise
48, boulevard Royal
L-2965 LUXEMBOURG

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- Cargill Investor Services Inc., the international futures broker, will act as clearing broker.
- Minimum investment of US\$25,000. (US\$10,000 via the free nominee service).
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This advertisement does not constitute an offer of shares. Purchases of shares in Scimitar Guaranteed Fund Ltd can only be made on the basis of the Prospectus (dated 10th May 1989). *Past performance is no guarantee of the future.

SPORTS

Wilander and Graf Win First Rounds; Mecir Is Eliminated

By Nick Stout
International Herald Tribune
PARIS — Mats Wilander and Steffi Graf picked up where they left off last year as the 1989 French Open tennis championships began with few surprises on a warm and breezy spring day in Paris.

Both won easily on the Center Court of Roland Garros Stadium, where they earned their respective French championships in 1988.

Wilander beat Tomas Carbonell, a 21-year-old qualifier from Spain, 6-3, 6-3, 6-3. Graf defeated Camille Benjamin, 6-1, 6-1, 6-1, avenging a loss to the American in 1984.

In a first-round upset, Miloslav Mečir was eliminated by Thierry Tulasne of France, 6-2, 6-1, 6-1. This removes a major obstacle from the path of Jimmy Connors, who beat Martin Strelha of

Czechoslovakia, 6-2, 2-6, 6-4, 6-3. With Mečir out of the way, Connors would not have to confront a seeded player until the quarterfinals, where his likely opponent would be Boris Becker.

"Since I came here last week, I've practiced well," Connors said. "The weather has been good, the sun has been shining. It has given me an opportunity to work on my game: to play aggressively, to take a short ball and give it a side instead of just playing ping-pong tennis. Practicing for the last five or six days has been very good for me. I have gotten me into shape where I was not afraid to stay out there and play three to four hours like that."

Stefan Edberg, the No. 3 seed, beat Marian Vajda of Czechoslovakia, 6-2, 6-0, 1-6, 6-3. The top two seeds, Ivan Lendl and Boris Becker, are among those playing their first-round matches on Tuesday.

On the women's side, Zina Garrison, the fourth-seeded American, Helen Sukova, No. 5 from Czechoslovakia, Katerina Maleeva, No. 9 from Bulgaria, and Helen Kelesi, No. 10 from Canada, all advanced easily. (See Scoreboard)

The most interesting match of the afternoon was the near-upset of Jakob Hlasek by Jordi Pons. The 24-year-old Spaniard ranked 37th, Hlasek prevailed, 6-4, 1-6, 2-6, 6-4, 9-7, but not before both players saved a series of match points in a thrilling final set.

In the beginning I had a good idea of how to play against Andre. Hlasek said, "but both of us had problems with the court and with the balls. We were not used to them, and we missed many easy points. He just got used to the conditions faster than I did."

An upset that delighted the French spectators was Karine Koutnikova, 4-6, 6-4, 6-2 triumph over Claudia Kohde-Kilsch, the No. 13 seed from West Germany. Koutnikova, 19, from Marseille, is ranked 75th.

Graf's 53-minute victory over Benjamin was the first step toward a final match June 10 that everyone here expects her to play against Gabriela Sabatini.

"It's a matter of confidence," Benjamin said afterward when asked if she could learn anything from playing the world's best. "She's just so good. She knows when she goes for a big shot that she can make it. But sometimes I hesitate and think, 'What if I miss?'"

Sabatini, for her part, took care of Akemi Nishiyama in 59 minutes, 6-0, 6-0, giving the 24-year-old Japanese a lasting souvenir of her first appearance in the French Open.

Kent Carlsson of Sweden, the 10th seed, withdrew Monday because of tendinitis in his right knee.



No. 3 seed Stefan Edberg, crashing his way into the second round.

VANTAGE POINT/Bud Collins

Where Quiche and Guillotine Meet

International Herald Tribune

PARIS — Tennis court oaths became fashionable in France 200 years ago when the National Assembly raised their right hands and served a vocal oath at King Louis XVI.

Much is being made here of the bicentennial of that act of June 20, 1789, and the consequences: the French Revolution.

Barred by Louis from their customary hall, the Assemblymen commandeered the indoor tennis court at Versailles, and shouted a defiant oath. In effect, they were telling the king: "Hell, no, we won't go—until we have a constitution."

Perhaps because he is absent from the French Open, not many recalled Monday as the fifth anniversary of one of the most pungent of John McEnroe's numerous tennis court oaths. Evincing distaste at the officiating, McEnroe suggested that he, too, might revolt in flinging an extraordinary quadruple—"F"—word phrase at the umpire. Addressing the man in the chair as, "You f-blank French frog, f-blank!"

McEnroe was fortunate that the man either didn't understand English or was as oblivious as Louis XVI. With that out of his system early, McEnroe went on to make the most ambitious American bid for the French male title in 30 years. Finally his temper and Ivan Lendl caught him in the fifth set of the championship bout.

With or without McEnroe, Chris Evert, Martina Navratilova, and the other no-shows, the 59th edition of the French Championships was bound to begin anyway. Stade Roland Garros opened the iron gates once more, revealing itself as a gigantic pot-au-feu.

More than 20,000 Parisians, peeled of clothing in a variety of ways, boiled in their enjoyment. They camped in the gray fortress-like Court Central or roamed among the other 18 courts and the green-and-white-striped canvas refreshment tents. Many sought shade beneath trees which are plentiful, none more fitting than the huge and ancient chestnut near the players' entrance.

The earthen courts were the color of smoked salmon, a delicacy available in a salad for \$12. But the hot dog in name and concept, was on hand as well (\$2.60), and in nobler-than-usual garb, wrapped in long, crunchy slices of French bread with mustard as hot as Steffi Graf's forehead. Real men eat quiche, \$3.25. And duck with foie gras, \$14.

Umpires and line judges were permitted to remove their natty black blazers, revealing shirts of appropriate striping: wine. The ushers, pet damsels in lime collette suits, shielded themselves with straw boaters. But those who preferred working on their tans and conversation to watching fuzzy balls, lazed at the new brick-and-marble plaza between Court 1 and Central. It surrounds a fountain and is guarded by large bronzes of two of the greatest French players: René Lacoste and Jean Borotra, who fought the final 60 years ago, and are still talking about it.

DESPIITE THE surroundings, amenities and numerous clinic touches (including facial treatments at a cosmetics booth), it's still down-and-dirty at the French. It's do-or-die in the dust at Roland Garros, the premier dirt-kickers' ball, a sandlot scuffle stretching muscles and patience for hours. Endurance counts. Sometimes, said Jimmy Connors, it's endless "ping-pong."

He clicks his tongue — "lokl-tlawk" — several times, imitating the smaller celluloid ball, and moves his hand to describe towering waves of topspin. This is only the 11th French Open for Connors, the lone major title to escape him. In a rare admission of regret, even error, he said, "I got too stubborn when I didn't play here for five years (1974-78). It was a mistake. I think I could have won it sometime those years."

Stubbornness is a very handy quality to bring to the demanding red battleground in the Bois de Boulogne. To fully complete two weeks of dirty business here, the surviving man and woman will be as stubborn as the local citizens who, two centuries ago, challenged Louis XVI, destroyed his Bastille and brought him down. No with topspin but the slice devised by the physician named Guillotin.

Rookie Leads Braves Past Cubs, 2-1

The Associated Press

Rookie Derek Lilliquist allowed one run and seven hits in seven innings as the Atlanta Braves beat the Chicago Cubs, 2-1, on the Memorial Day holiday Monday in Atlanta.

Lilliquist, 3-3, struck out three and walked none. Paul Assen-

his first save as the Pirates snapped a three-game losing streak.

The Reds took their third in a row after four straight victories.

Tom Browning retired the first two Pirates in the second before Key Quinones lofted a fly to deep center that Davis had in his glove before dropping for a two-base error, his fourth of the season.

Junior Ortiz singled home Quinones and Wall, who is batting .296 with six RBIs, doubled to left field, making it 2-0. Bonds then hit a 3-1 pitch into the right-field seats for his sixth homer.

Indiana's Blue Jays 3: In Cleveland, Jerry Brown had three hits and two RBIs, and Joe Carter also drove in two runs for Cleveland.

Tom Candiotti, 6-2, allowed three runs, two of them earned, on six hits in seven innings to give Cleveland its second straight victory since ending a five-game losing streak. Doug Jones pitched a scoreless inning for his 10th save in 12 opportunities.

Yankees 6, Mariners 3: In New York, Richard Dotson beat Seattle for the first time in five years. Dotson allowed nine hits and three runs in six innings. He had lost his previous two starts, allowing a total of 10 runs and 17 hits in 10 innings.

He had been 0-6 in seven starts against the Mariners since beating them on June 18, 1984, while he was with Chicago. Dave Righetti, the third Yankee pitcher, replaced Lance McCullers after Harold Reynolds' leadoff single in the ninth and earned his eighth save.

Dennis Powell started for Seattle

after Erik Hanson woke up with a stiff right shoulder. Powell, who pitched two-thirds of an inning Sunday against Milwaukee, allowed six hits and five runs in four innings. It was his first start since Aug. 12 against Chicago.

Yankees Drop John Tommy John, the 46-year-old left-hander with 288 career victories, was dropped Monday from the New York Yankees' roster.

After beating Seattle, the Yankees announced that John would be given time to decide if he wanted to retire or continue after being released by New York.

John, who was scheduled to pitch on Tuesday, was replaced on the roster by right-hander Jimmy Jones.

Manager Dallas Green, who took John back this season only after the intervention of the Yankees' owner, George Steinbrenner, had indicated before New York's game against Seattle Monday that John's days were numbered as a Yankee. He did not expressly say it but the tone of his remarks was unmistakable.

"We're trying to work something out," Green said. "We should have something by the end of the game. Memorial holidays are not good to other parts of the world sometimes to get things going."

John is 2-7 this season with a 5.80 earned-run average. He is 288-231 in his 26-year career. The Yankees released him after last season but then asked him to spring training as a non-roster player.

MONDAY BASEBALL

maucher pitched one inning and Joe Bevers got the last three outs of his seventh save as the Braves finished with a combined nine-hitter.

Lilliquist was the Braves' No. 1 draft pick in the June 1987 amateur draft after starring at the University of Georgia.

Date Murphy and Darrell Evans each drove in a run off Scott Sanderson, 5-3, in the fourth inning. The Braves had scored only one run for Lilliquist in his previous three starts.

Jeff Treadway led off the fourth with a double and scored two outs later on Murphy's single. After Murphy stole second, first baseman Merik Grace managed to knock down Evans' hard bouncer. The ball deflected into foul territory and Murphy scored.

Phases 12, Reds 3: In Pittsburgh, Barry Bonds' two-run homer capped a four-run second inning after Cincinnati's center fielder, Eric Davis, dropped a fly ball that apparently would have ended the inning.

Bob Walk shut out the Reds on three hits over six innings until being lifted in Cincinnati's three-run seventh. Bob Kipper finished for

the team.

"We walked the leadoff batter on for straight pitches," the Mets State Outfielder, Davey Johnson, said. "I'm more upset about that than I am about the loss."

Domini Leggett, who was called out of the game, said Johnson wasn't happy about the team.

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Schmidt Reportedly Set to Retire

The Associated Press

PHILADELPHIA — Mike Schmidt, one of the leading power hitters in baseball history, scheduled a news conference in San Diego on Monday to announce his retirement, a Phillies source said.

His retirement was reported by WPVI-TV in Philadelphia and confirmed by a source, who asked not to be identified. The Phillies were scheduled to play the Padres Monday night in San Diego.

The 35-year-old Schmidt has 548 lifetime home runs, putting him seventh on the all-time list, and 10 Gold Gloves as the National League's top third baseman. He has struggled this year with a .203 batting average and six home runs in his 17th major-league season.

Schmidt missed the last two months of the 1988 season with shoulder problems and signed a contract that guaranteed him only \$500,000 for this season. He doubled that by being on the roster on May 15 and was to receive another \$500,000 if still on the roster Aug. 15.

Schmidt, arguably the best third baseman in baseball history, was the National League's Most Valuable Player three times and the World Series MVP in 1980. He was a member of the National League All-Star team 11 times.

He set a record by leading the league in home runs eight times and hit 50 or more home runs 13 times in his career to the Babe Ruth, trailing only Hank Aaron's 15 seasons.

The Phillies insisted on clauses in his contract this season to be sure that Schmidt, who earned \$2.25 million last season, was physically capable of playing even close to the standards he had set.



Mike Schmidt: 548 home runs in his career.

SCOREBOARD

BASEBALL

National League Statistics

(Through May 29)
TEAM BATTING
St. Louis 143 191 378 127 355
Cincinnati 149 179 371 157 349
San Francisco 157 191 391 173 346
Chicago 156 163 369 167 344
Milwaukee 167 179 371 157 349
Houston 150 179 369 167 344
Philadelphia 143 174 369 167 344
Atlanta 156 179 371 157 349
Pittsburgh 146 179 369 167 344
San Diego 157 179 371 157 349
Los Angeles 143 174 369 167 344

INDIVIDUAL BATTING

(100 or more at bat)
W.C. Clark 129 129 129 129 129
Lynn Smith 129 129 129 129 129
Larkin 129 129 129 129 129
Trevino 129 129 129 129 129
Grady 129 129 129 129 129
Herr 129 129 129 129 129
Burke 129 129 129 129 129
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